FIRST QUARTER
REPORT TO SHAREHOLDERS

Thirteen weeks ended March 28, 2020

HIGH LINER FOODS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the thirteen weeks ended March 28, 2020

(All amounts are in United States dollars unless otherwise stated)

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A"), dated May 12, 2020, relates to the financial condition and results of operations of High Liner Foods Incorporated for the thirteen weeks ended March 28, 2020, compared to the thirteen weeks ended March 30, 2019. Throughout this discussion, "We", "Us", "Our", "Company" and "High Liner Foods" refer to High Liner Foods Incorporated and its businesses and subsidiaries.

This document should be read in conjunction with our 2019 Annual Report along with our Unaudited Condensed Interim Consolidated Financial Statements as at and for the thirteen weeks ended March 28, 2020 ("Consolidated Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"). The information contained in this document, including forward-looking statements, is based on information available to Management as of May 12, 2020, except as otherwise noted.

Non-IFRS Financial Measures

This document includes certain non-IFRS financial measures, which we use as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes. These non-IFRS measures do not have any standardized meaning as prescribed by IFRS and, therefore, may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. Non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measures in the *Non-IFRS Financial Measures* section starting on page 16 of this MD&A.

Currency

All amounts in this MD&A are in United States dollars ("USD"), unless otherwise noted. Although the functional currency of High Liner Foods' Canadian company (the "Parent") is the Canadian dollar ("CAD"), management believes the USD presentation 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 into the presentation currency.

For the purpose of presenting the Consolidated Financial Statements in USD, CAD-denominated assets and liabilities in the Parent's operations are converted using the exchange rate at the reporting date, and revenue and expenses are converted at the average exchange rate of the month in which the transaction occurs. As such, foreign currency fluctuations affect the reported values of individual lines on our balance sheet and income statement. When the USD strengthens (weakening CAD), the reported USD values of the Parent's CAD-denominated items decrease in the Consolidated Financial Statements, and the opposite occurs when the USD weakens (strengthening CAD).

In some parts of this document, balance sheet and operating items of the Parent are discussed in the CAD functional currency (the "domestic currency" of the Parent) to eliminate the effect of fluctuating foreign exchange rates used to translate the Parent's operations to the USD presentation currency.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of securities laws. In particular, these forward-looking statements are based on a variety of factors and assumptions that are discussed throughout this document. In addition, these statements and expectations concerning the performance of the business in general are based on a number of factors and assumptions including, but not limited to: availability, demand and prices of raw materials, energy and supplies; the condition of the Canadian and American economies; product pricing; foreign exchange rates, especially the rate of exchange of the CAD to the USD; the ability to attract and retain customers; operating costs and improvement to operating efficiencies; interest rates; continued access to capital; the competitive environment and related market conditions; and the general assumption that none of the risks identified below or elsewhere in this document will materialize.

Specific forward-looking statements in this document include, but are not limited to: statements with respect to: potential impact of the 2019 coronavirus pandemic on the Company's operations and performance; future growth strategies and their impact on the Company's market share and shareholder value; anticipated financial performance, including earnings trends and growth; achievement, and timing of achievement, of strategic goals and publicly stated financial targets, including to increase our market share, acquire and integrate other businesses and reduce operating and supply chain costs; and the ability to develop new and innovative products that result in increased sales and market share; increased demand for products whether due to the recognition of the health benefits of seafood or otherwise; changes in costs for seafood and other raw materials; any proposed disposal of assets and/or operations; increases or decreases in processing costs; the USD/CAD exchange rate; percentage of sales from the Company's brands; expectations with regards to sales volume, earnings, product margins, product innovations, brand development and anticipated financial performance; competitor reaction to Company strategies and actions; impact of price increases or decreases on future profitability; sufficiency of working capital facilities; future income tax rates; the expected amount and timing of integration activities related to acquisitions; expected leverage levels and expected Net Debt to Adjusted EBITDA; statements under the "outlook" heading including expected demand, sales of new product, the efficiency of plant production and U.S. tariffs on certain seafood products imported from China; expected amount and timing of cost savings related to the optimization of the Company's structure; decreased leverage in the future; estimated capital spending; future inventory trends and seasonality; market forces and the maintenance of existing customer and supplier relationships; availability of credit facilities; the projection of excess cash flow and minimum repayments under the Company's long-term loan facility; expected decreases in debt-to-capitalization ratio; dividend payments; the amount and timing of the capital expenditures in excess of normal requirements to allow the movement of production between plants; and expectations regarding the potential future impact of the 2019 coronavirus pandemic on operations, customer and consumer behavior and economic patterns.

Forward-looking statements can generally be identified by the use of the conditional tense, the words "may", "should", "would", "could", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "goal", "remain" or "continue" or the negative of these terms or variations of them or words and expressions of similar nature. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. As a result, we cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the *Risk Factors* section of our 2019 Annual Report and the *Risk Factors* section of our 2019 Annual Information Form. The risks and uncertainties that may affect the operations, performance, development and results of High Liner Foods' business include, but are not limited to, the following factors: compliance with food safety laws and regulations; timely identification of and response to events that could lead to a product recall; volatility in the CAD/USD exchange rate; competitive developments including increases in overseas seafood production and industry consolidation; availability and price of seafood raw materials and finished goods and the impact of geopolitical events (and related economic sanctions) on the same; the impact of the U.S. Trade Representative's tariffs on certain seafood products; costs of commodity products and other production inputs, and the ability to pass cost increases on to customers; successful integration of acquired operations; potential increases in maintenance and operating costs; shifts in market demands for seafood; performance of new products launched and existing products in the market place; changes in laws and regulations, including environmental, taxation and regulatory requirements; technology changes with respect to production and other equipment and software programs; enterprise resource planning system risk; adverse impacts of cybersecurity attacks or breach of sensitive information; supplier fulfillment of contractual agreements and obligations; competitor reactions; High Liner Foods' ability to generate adequate cash flow or to finance its future business requirements through outside sources; credit risk associated with receivables from customers; volatility associated with the funding status of the Company's post-retirement pension benefits; adverse weather conditions and natural disasters; the availability of adequate levels of insurance; management retention and development; and the potential impact of a pandemic outbreak of a contagious illness, such as the 2019 coronavirus pandemic, on general economic and business conditions and therefore the Company's operations and financial performance.

Forward-looking information is based on management's current estimates, expectations and assumptions, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Except as required under applicable securities laws, we do not undertake to update these forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, whether as a result of new information, future events or otherwise.

COMPANY OVERVIEW

High Liner Foods, through its predecessor companies, has been in business since 1899 and has been a publicly traded Canadian company since 1967, trading under the symbol 'HLF' on the Toronto Stock Exchange ("TSX"). We are a leading North American processor and marketer of value-added (i.e. processed) frozen seafood, producing a wide range of products from breaded and battered items to seafood entrées, that are sold to North American food retailers and foodservice distributors. In addition, we are a major supplier of commodity products in the North American market. The retail channel includes grocery and club stores and our products are sold throughout the U.S. and Canada under the ***High Liner***, ***Fisher Boy***, ***Mirabel***, ***Sea Cuisine*** and ***Catch of the Day*** labels. The foodservice channel includes sales of seafood that is usually eaten outside the home and our branded products are sold through distributors to restaurants and institutions under the ***High Liner***, ***Mirabel***, ***Icelandic Seafood***[1] and ***FPI*** labels. The Company is also a major supplier of private-label value-added frozen premium seafood products to North American food retailers and foodservice distributors.

We own and operate three food-processing plants located in Lunenburg, Nova Scotia ("N.S."), Portsmouth, New Hampshire, and Newport News, Virginia.

Although our roots are in the Atlantic Canadian fishery, we purchase all our seafood raw material and some finished goods from around the world. From our headquarters in Lunenburg, N.S., we have transformed our long and proud heritage into global seafood expertise. We deliver on the expectations of consumers by selling seafood products that respond to their demands for sustainable, convenient, tasty and nutritious seafood, at good value.

Additional information relating to High Liner Foods, including our most recent Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com and in the Investor Center section of the Company's website at www.highlinerfoods.com.

[1] *In December 2011, as part of the acquisition of the U.S. subsidiary of Icelandic Group h.f, the Company acquired several brands and agreed to a seven year royalty-free licensing agreement with Icelandic Group for the use of the Icelandic Seafood brand in the U.S., Canada and Mexico. In April 2018, the Company executed a seven-year brand license agreement for the continued use of the Icelandic Seafood brand in the U.S. and Canada with royalty payments effective January 2019 (1.5% on net sales of products sold under the Icelandic Seafood brand).*

OUTLOOK

High Liner Foods' outlook is directly impacted by the duration of government imposed social distancing measures related to COVID-19 (see "COVID-19 Pandemic" under the *Recent Developments* section below for further information), specifically timing for re-opening of currently shuttered segments of the foodservice industry and related consumer behavior which at this point remain uncertain. High Liner Foods can also not estimate whether potential future production disruptions will occur and whether incremental costs associated with COVID-19 will extend beyond the second quarter.

Despite the strength in High Liner Foods' retail business, the Company anticipates that the declines in the foodservice side of its business may limit its ability to deliver year-over-year EBITDA growth. High Liner Foods will continue to offset the impact of this decline by strengthening its retail capacity and carefully managing costs. The Company is also working in partnership with its hospitality customers as they pivot to take out and delivery options and to ensure readiness for a quick ramp up as and when social distancing restrictions are lifted across North America and consumer demand returns.

The Company is confident in its liquidity position as a result of its prudent cash management and early refinancing of debt in 2019. The Company does not have any impending debt maturities and will continue to utilize its $150.0 million working capital credit facility if required. Borrowings on this facility, net of cash on hand, are currently approximately $28.9 million.

RECENT DEVELOPMENTS

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 the continuing spread of COVID-19, several social distancing measures have been undertaken by the Company and third parties, including governments, regulatory authorities, businesses and the Company's customers, that could negatively impact the Company's operations and financial results in future periods.

Starting mid-March, High Liner Foods experienced an unprecedented surge in demand from its retail customers tied to COVID-19 that continues today. The Company has been able to meet the increased demand and satisfy its customers by redirecting resources, inventory and production capacity across its integrated North American operations. Over the same time period, the Company has experienced a significant decline in its foodservice business, which represented approximately 65% of its total business in 2019, as a result of foodservice industry closures that include restaurants and schools across North America. Demand from its institutional foodservice customers, like long-term and health care facilities, has remained relatively stable since the onset of the COVID-19 pandemic in North America. The impact of COVID-19 on the Company's overall supply chain has been minimal. There have been no significant issues with the procurement of raw materials and ingredients, and there have been limited interruptions in transportation and warehousing activities. In general, the Company's three plants continue to meet sales demand despite some short-term manufacturing interruptions, operating fewer production lines overall and measures taken to adhere to social distancing requirements.

Certain modifications made by the Company in response to COVID-19 include, but are not limited to: implementing a work from home policy for all salaried employees not in a critical operational role; restricting employee business travel and implementing post-travel employee screening; limiting third-party access to the Company's facilities; strengthening clean workplace practices including enhanced frequency of deep cleaning; implementation of a COVID-19 Task Force comprised of employees and executive leadership; introduction of extraordinary recognition pay for all employees working in critical operational roles in production and warehouse facilities; and other employee screening, hygiene and social distancing practices as recommended by health authorities including Health Canada, the U.S. Centers for Disease Control and Prevention, and the WHO. As the pandemic evolves, the Company will continue to implement measures designed to protect the health and safety of employees and prevent disruption to the Company's supply chain and operations.

See the *Risk Factors* section beginning on page 20 of this MD&A for further discussion of the impact of COVID-19 on the Company's risk assessment.

U.S. Tariffs

In September 2018, the U.S. Trade Representative ("USTR") commenced trade discussions with China which has resulted in the following actions related to additional tariffs on goods imported to the U.S.:

- Initial 10% tariff on certain Chinese imports effective September 24, 2018 ("first action") impacting most notably haddock (excluding block), tilapia and sole/flounder;
- Increase to a 25% tariff on Chinese imports covered by the first action effective May 10, 2019 for items entering the U.S. on or after June 10, 2019; and
- Initial 15% tariff proposed on Chinese imports falling under "List 4B" effective December 15, 2019 ("second action"), pending further negotiations between the U.S. and China.

The 15% tariff proposed on certain Chinese imports covered by the second action and the additional 25% tariff on certain species covered by the first action have been postponed indefinitely.

During December 2019, the Company received notice of approval of an exclusion request submitted to the USTR regarding tariffs on certain goods imported to the U.S. from China. The exclusion applies to tariffs already incurred, or that would otherwise be incurred, on specific goods from September 24, 2018 to August 7, 2020 and may result in the recovery of tariffs previously paid by the Company. It is not practicable at this time to estimate the timing or amount of any recovery.

The Company will continue to monitor these developments closely, particularly if further information becomes available regarding potential additional tariffs or exclusions, the resumption of tariffs, or how the previously announced tariffs and exclusions will impact the Company.

PERFORMANCE

This discussion and analysis of the Company's financial results focuses on the performance of the consolidated North American operations, the Company's single operating and reporting segment.

Seasonality

Overall, the first quarter of the year is historically the strongest for both sales and profit, and the second quarter is the weakest. Both our retail and foodservice businesses traditionally experience a strong first quarter due to retailers and restaurants promoting seafood during the Lenten period. As such, the timing of Lent can impact our quarterly results.

A significant percentage of advertising and promotional activity is typically done in the first quarter. Customer-specific promotional expenditures such as trade spending, listing allowances and couponing are deducted from "Sales" and non-customer-specific consumer marketing expenditures are included in selling, general and administrative expenses.

Inventory levels fluctuate throughout the year, most notably increasing to support strong sales periods such as 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.

Consolidated Performance

The table below summarizes key consolidated financial information for the relevant periods.

	Thirteen weeks ended		
(in $000s, except sales volume, per share amounts, percentage amounts, and exchange rates)	**March 28, 2020**	**March 30, 2019**	**Change**
Sales volume (millions of lbs)	**77.3**	78.5	**(1.2)**
Average foreign exchange rate (USD/CAD)	**$ 1.3414**	$ 1.3301	**$ 0.0113**
Sales	**$ 268,588**	$ 277,424	**$ (8,836)**
Gross profit	**$ 58,768**	$ 56,076	**$ 2,692**
Gross profit as a percentage of sales	**21.9%**	20.2%	**1.7%**
Distribution expenses	**$ 12,845**	$ 13,087	**$ (242)**
Selling, general and administrative expenses	**$ 20,531**	$ 23,754	**$ (3,223)**
Adjusted EBITDA[(1)]	**$ 30,705**	$ 32,215	**$ (1,510)**
Adjusted EBITDA as a percentage of sales	**11.4%**	11.6%	**(0.2)%**
Net income	**$ 14,227**	$ 14,762	**$ (535)**
Basic Earnings per Share ("EPS")	**$ 0.42**	$ 0.44	**$ (0.02)**
Diluted EPS	**$ 0.41**	$ 0.43	**$ (0.02)**
Adjusted Net Income[(1)]	**$ 14,288**	$ 14,925	**$ (637)**
Adjusted Basic EPS	**$ 0.42**	$ 0.44	**$ (0.02)**
Adjusted Diluted EPS[(1)]	**$ 0.42**	$ 0.44	**$ (0.02)**
Total assets	**$ 791,883**	$ 824,699	**$ (32,816)**
Total long-term financial liabilities	**$ 313,828**	$ 343,290	**$ (29,462)**
Dividends paid per common share (in CAD)	**$ 0.050**	$ 0.145	**$ (0.095)**

(1) See the *Non-IFRS Financial Measures* section starting on page 16 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.

Sales

Sales volume in the first quarter of 2020 decreased by 1.2 million pounds, or 1.5%, to 77.3 million pounds compared to 78.5 million pounds in the same period last year. In our retail business, sales volume was lower overall related to lost business in the fourth quarter of Fiscal 2019, partially offset by a surge in demand in late March related to COVID-19. In our foodservice business, sales volume was lower overall due to the impact of COVID-19 on our foodservice customers in late March. Prior to the net unfavorable impact of COVID-19, sales volume increased in the the first quarter of 2020 compared to the first quarter of 2019 due to new business and new product sales. See the *Recent Developments* section on page 4 of this MD&A for further information regarding COVID-19.

Sales in the first quarter of 2020 decreased by $8.8 million, or 3.2%, to $268.6 million compared to $277.4 million in the same period last year. The decrease in sales reflects the lower sales volumes mentioned above and unfavorable changes in sales mix. In addition, the weaker Canadian dollar in the first quarter of 2020 compared to the first quarter of 2019 decreased the value of reported USD sales from our CAD-denominated operations by approximately $0.6 million relative to the conversion impact last year.

Gross Profit

Gross profit increased in the first quarter of 2020 by $2.7 million, or 4.8%, to $58.8 million compared to $56.1 million in the same period last year and gross profit as a percentage of sales increased to 21.9% compared to 20.2% in the same period last year. The increase in gross profit reflects favorable changes in product mix and improved supply chain efficiencies related to the critical initiatives completed in Fiscal 2019, partially offset by the lower sales volumes discussed above.

In addition, the weaker Canadian dollar decreased the value of reported USD gross profit from our Canadian operations in 2020 by approximately $0.3 million relative to the conversion impact last year.

Distribution Expenses

Distribution expenses, consisting of freight and storage, decreased in the first quarter of 2020 by $0.3 million to $12.8 million compared to $13.1 million in 2019 primarily reflecting lower freight costs related to the lower sales volume mentioned previously and a decrease in fuel costs, partially offset by higher storage costs. As a percentage of sales, distribution expenses increased to 4.8% in the first quarter of 2020 compared to 4.7% in the same period in 2019.

Selling, General and Administrative ("SG&A") Expenses

	Thirteen weeks ended	
(Amounts in $000s)	March 28, 2020	March 30, 2019
SG&A expenses, as reported	**$ 20,531**	$ 23,754
Less:		
Share-based compensation expense[(1)]	**(485)**	1,947
Depreciation and amortization expense[(1)]	**2,687**	2,740
SG&A expenses, net	**$ 18,329**	$ 19,067
SG&A expenses, net as a percentage of sales	**6.8%**	6.9%

[(1)] Represents share-based compensation expense and depreciation and amortization expense that is allocated to SG&A only. The remaining expense is allocated to cost of sales and distribution expenses.

SG&A expenses decreased by $3.3 million to $20.5 million in the first quarter of 2020 as compared to $23.8 million in the same period last year. SG&A expenses included a share-based compensation recovery of $0.5 million in the first quarter of 2020 compared to an expense of $1.9 million in the same period last year, primarily due to the decrease in share price during the first quarter of 2020, partially offset by the issuance of stock options and cash-settled awards. SG&A expenses also included depreciation and amortization expense of $2.7 million in the first quarter of 2020 compared to $2.7 million in the same period last year.

Excluding share-based compensation and depreciation and amortization expenses, SG&A expenses decreased in the first quarter of 2020 by $0.8 million to $18.3 million compared to $19.1 million in 2019, primarily due to lower administrative expenses related to travel restrictions imposed related to COVID-19 (see the *Recent Developments* section on page 4 of this MD&A) and lower variable selling and marketing costs largely related to the lower sales volume mentioned previously. As a percentage of sales, SG&A excluding share-based compensation and depreciation and amortization expense decreased to 6.8% in the first quarter of 2020 compared to 6.9% in 2019.

Adjusted EBITDA

We refer to Adjusted EBITDA throughout this MD&A in discussing our results for the thirteen weeks ended March 28, 2020. See the *Non-IFRS Financial Measures* section on page 16 for further explanation of this non-IFRS measure.

Adjusted EBITDA decreased in the first quarter of 2020 by $1.5 million, or 4.7%, to $30.7 million compared to $32.2 million in the same period last year. The decrease in Adjusted EBITDA reflects the inclusion of $5.5 million of the $8.5 million recovery received from the ingredient supplier in the first quarter of 2019 that was associated with the 2017 product recall. Excluding the $5.5 million recovery from the first quarter of 2019, Adjusted EBITDA increased by $4.0 million, or 14.9%, in the first quarter of 2020 as a result of the increase in gross profit and decrease in distribution and net SG&A expenses, all discussed previously.

The impact of converting our CAD-denominated operations and corporate activities to our USD presentation currency decreased the value of reported Adjusted EBITDA in USD by $3.2 million in the first quarter of 2020 compared to $2.1 million in 2019.

Net Income

We refer to Adjusted Net Income and Adjusted Diluted EPS throughout this MD&A. See the *Non-IFRS Financial Measures* section starting on page 16 for further explanation of these non-IFRS measures.

Net income decreased in the first quarter of 2020 by $0.6 million, or 4.1%, to $14.2 million ($0.41 per diluted share) compared to $14.8 million ($0.43 per diluted share) in the same period last year. The decrease in net income reflects the additional $3.0 million product recall recovery from the ingredient supplier that was excluded from Adjusted EBITDA in the first quarter of 2019 and the decrease in Adjusted EBITDA discussed previously, partially offset by the decrease in share-based compensation expenses discussed previously, a decrease in finance costs as discussed in the *Finance Costs* section on page 10 of this MD&A, and a decrease in income tax expense as discussed in the *Income Taxes* section on page 10 of this MD&A.

In the first quarter of 2020, net income included an expense of $0.5 million classified as "business acquisition, integration and other expense (income)" (as explained in the *Business Acquisition, Integration and Other Expense (Income)* section on page 9 of this MD&A) related to certain non-routine expenses. In 2019, net income included a recovery of $7.2 million classified as "business acquisition, integration and other expense (income)" related to the product recall recovery, short-term termination benefits as a result of restructuring activities and other non-cash expenses. Excluding the impact of these non-routine items, other non-cash expenses and share-based compensation, and including only $3.0 million of the product recall recovery received during the first quarter of 2019, Adjusted Net Income in the first quarter of 2020 decreased by $0.6 million, or 4.0%, to $14.3 million compared to $14.9 million in the same period last year.

Adjusted Diluted EPS decreased $0.02 in the first quarter of 2020 to $0.42 compared to $0.44 in the same period last year.

RESULTS BY QUARTER

The following table provides summarized financial information for the last nine quarters:

(Amounts in $000s, except per share amounts)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Sales	**$268,588**	$221,625	$220,141	$223,034	$277,424	$242,878	$241,157	$245,312	$319,184
Adjusted EBITDA[(1)]	**$ 30,705**	$ 18,771	$ 16,455	$ 17,883	$ 32,215	$ 11,968	$ 14,235	$ 12,050	$ 24,221
Net Income (Loss)	**$ 14,227**	$ (3,019)	$ (2,400)	$ 946	$ 14,762	$ (810)	$ 4,531	$ 2,804	$ 10,251
Adjusted Net Income[(1)]	**$ 14,288**	$ 5,675	$ 3,857	$ 4,680	$ 14,925	$ 2,169	$ 412	$ 3,766	$ 10,703
EPS, based on Net Income (Loss)									
Basic	**$ 0.42**	$ (0.09)	$ (0.07)	$ 0.03	$ 0.44	$ (0.02)	$ 0.13	$ 0.08	$ 0.31
Diluted	**$ 0.41**	$ (0.09)	$ (0.07)	$ 0.03	$ 0.43	$ (0.02)	$ 0.13	$ 0.08	$ 0.31
EPS, based on Adjusted Net Income[(1)]									
Basic	**$ 0.42**	$ 0.17	$ 0.11	$ 0.14	$ 0.44	$ 0.07	$ 0.01	$ 0.11	$ 0.32
Diluted[(1)]	**$ 0.42**	$ 0.17	$ 0.11	$ 0.13	$ 0.44	$ 0.07	$ 0.01	$ 0.11	$ 0.32
Dividends paid per common share (CAD)									
	$ 0.050	$ 0.050	$ 0.050	$ 0.050	$ 0.145	$ 0.145	$ 0.145	$ 0.145	$ 0.145
Net non-cash working capital[(2)]									
	$252,323	$239,176	$201,289	$209,791	$230,412	$227,223	$233,916	$227,935	$244,764

(1) See the *Non-IFRS Financial Measures* section starting on page 16 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.
(2) Net non-cash working capital is comprised of accounts receivable, inventories and prepaid expenses, less accounts payable and accrued liabilities, and provisions.

BUSINESS ACQUISITION, INTEGRATION AND OTHER EXPENSE (INCOME)

The Company reports expenses associated with business acquisition and integration activities, and certain other non-routine costs separately in its consolidated statements of income as follows:

	Thirteen weeks ended	
(Amounts in $000s)	March 28, 2020	March 30, 2019
Business acquisition, integration and other expense (income)	**$ 505**	$ (7,247)

Business acquisition, integration and other expense (income) for the thirteen weeks ended March 28, 2020 included certain non-routine expenses.

For the thirteen weeks ended March 30, 2019, business acquisition, integration and other expense (income) included the recognition of an $8.5 million recovery associated with the 2017 product recall from the ingredient supplier, partially offset by short-term termination benefits as a result of the organizational realignment initiated in November 2018 of $1.0 million.

FINANCE COSTS

The following table shows the various components of the Company's finance costs:

		Thirteen weeks ended		
(Amounts in $000s)		March 28, 2020		March 30, 2019
Interest paid in cash during the period	$	**4,784**	$	5,456
Change in cash interest accrued during the period		**603**		(41)
Total interest to be paid in cash		**5,387**		5,415
Interest expense on lease liabilities		**247**		374
Deferred financing cost amortization		**(114)**		215
Total finance costs	$	**5,520**	$	6,004

Finance costs were $0.5 million lower in the first quarter of 2020 compared to the same period last year due to repayments of the term loan facility in October 2019 and the first quarter of 2020 and a decrease in interest rates related to the economic impacts of COVID-19 (see the *Recent Developments* section on page 4 of this MD&A) offset by higher average Net Debt during the first quarter of 2020 compared to the same period last year.

INCOME TAXES

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 28, 2020 compared to the prior year was primarily attributable to a decrease in the statutory rates of the Parent and its U.S. subsidiary.

CONTINGENCIES

The Company has no material outstanding contingencies.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet is affected by foreign currency fluctuations, the effect of which is discussed in the *Introduction* section on page 1 of this MD&A (under the heading *"Currency"*) and in the Foreign Currency risk discussion on page 22 (in the *Risk Factors* section).

Our capital management practices are described in Note 26 *"Capital management"* to the 2019 annual consolidated financial statements.

Working Capital Credit Facility

The Company entered into an amended $150.0 million asset-based working capital credit facility (the "Facility") in October 2019 with the Royal Bank of Canada as Administrative and Collateral agent, which expires by its amended terms in April 2023. There were no changes to the terms during the first quarter of 2020.

The rates provided by the working capital credit facility are noted in the following table, based on the "Average Adjusted Aggregate Availability" as defined in the credit agreement. The Company's borrowing rates as of March 28, 2020 are also noted in the following table.

Per Credit Agreement		As at March 28, 2020
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%	plus 0.00%
Bankers' Acceptances ("BA") revolving loans, at BA rates	plus 1.25% to 1.75%	plus 1.25%
LIBOR revolving loans at LIBOR, at their respective rates	plus 1.25% to 1.75%	plus 1.25%
Letters of credit, with fees of	1.25% to 1.75%	1.25%
Standby fees, required to be paid on the unutilized facility, of	0.25%	0.25%

Average short-term borrowings outstanding during the first quarter of 2020 were $56.8 million compared to $44.3 million in the same period last year. This $12.5 million increase in average short-term borrowings primarily reflects increased working capital requirements during the the first quarter of 2020 as compared to the first quarter of 2019, long-term debt repayments in the previous two quarters and increased borrowings to support operations as a result of COVID-19 (see the *Recent Developments* section on page 4 of this MD&A). This was partially offset by decreased dividend payments related to the reduction of the quarterly dividend on the Company's common shares during the second quarter of 2019.

At the end of the first quarter of 2020, the Company had $72.0 million (March 30, 2019: $127.8 million) of unused borrowing capacity, taking into account both margin calculations and the total line availability. Included in this amount are letters of credit, which reduce the availability under the working capital credit facility. On March 28, 2020, letters of credit and standby letters of credit were outstanding in the amount of $10.4 million (March 30, 2019: $11.4 million) to support raw material purchases and to secure certain contractual obligations, including those related to the Company's Supplemental Executive Retirement Plan ("SERP").

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. A second charge over the Company's property, plant and equipment is also in place. Additional details regarding the Company's working capital credit facility are provided in Note 4 *"Bank loans"* to the Consolidated Financial Statements.

We expect average short-term borrowings by the end of 2020 to be higher than the first quarter of 2020 due to the anticipated impact of COVID-19 on cash flows from operations and liquidity. We believe the asset-based working capital credit facility should be sufficient to fund all of the Company's anticipated cash requirements.

Term Loan Facility

As at March 28, 2020, the Company had a $300.0 million term loan facility with an interest rate of LIBOR plus 4.25% (LIBOR floor of 1.00%), maturing in October 2026. There were no changes to the terms during the first quarter of 2020.

Quarterly repayments of $1.9 million are required on the term loan as regularly scheduled repayments. On an annual basis, based on a leverage test, additional prepayments ("mandatory excess cash flow prepayments") could be required of up to 50% of the previous year's defined excess cash flow. Per the loan agreement, mandatory excess cash flow prepayments and voluntary repayments will be applied to future regularly scheduled principal 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. No additional regularly scheduled 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.

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:

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

As of March 28, 2020, the combined impact of the outstanding interest rate swaps listed above effectively fix the interest rate on $140.0 million of the $300.0 million face value of the term loan and the remaining portion of the debt continues to be at variable interest rates. As such, we expect that there will be fluctuations in interest expense due to changes in interest rates when LIBOR is higher than the embedded floor of 1.0%.

Additional details regarding the Company's term loan are provided in Note 5 *"Long-term debt"* to the Consolidated Financial Statements.

Net Debt

The Company's Net Debt (as calculated in the *Non-IFRS Financial Measures* section on page 18 of this MD&A) is comprised of the working capital credit and term loan facilities (excluding deferred finance costs and modification losses) and lease liabilities, less cash. Net Debt increased by $2.3 million to $355.7 million at March 28, 2020 compared to $353.4 million at March 30, 2019, reflecting increased short-term borrowings as discussed above, higher lease liabilities in the first quarter of 2020 as compared to the first quarter of 2019, and a lower cash balance on hand as at March 28, 2020 as compared to March 30, 2019. This was partially offset by debt repayments in the fourth quarter of 2019 and the first quarter of 2020 due to higher cash flows from operations in 2019 and the refinancing of the Company's term loan facility in October 2019.

Net Debt to rolling twelve-month Adjusted EBITDA (see the *Non-IFRS Financial Measures* section on page 16 of this MD&A for further discussion of Adjusted EBITDA) was 4.2x at March 28, 2020 compared to 4.1x at the end of Fiscal 2019. This ratio may not improve, or will be higher, by the end of Fiscal 2020 as a result of the anticipated negative impact of COVID-19 on Adjusted EBITDA, however, we continue to expect that the Company will be in compliance with all covenants and terms of our banking facilities during Fiscal 2020, including the term loan facility covenant requiring Net Debt to Adjusted EBITDA of less than 6.5x.

	Twelve months ended			
(Amounts in $000s, except as otherwise noted)		March 28, 2020		December 28, 2019
Net Debt	**$**	**355,668**	$	346,592
Adjusted EBITDA	**$**	**83,814**	$	85,324
Net Debt to Adjusted EBITDA ratio (times)		**4.2x**		4.1x

Capital Structure

At March 28, 2020, Net Debt was 56.5% of total capitalization compared to 56.2% at March 30, 2019.

(Amounts in $000s)	March 28, 2020	December 28, 2019	March 30, 2019
Net Debt	**$ 355,668**	$ 346,592	$ 353,375
Shareholders' equity	**273,267**	268,170	277,052
Unrealized losses (gains) on derivative financial instruments included in AOCI	**421**	396	(1,121)
Total capitalization	**$ 629,356**	$ 615,158	$ 629,306
Net Debt as percentage of total capitalization	**56.5%**	56.3%	56.2%

Using our March 28, 2020 market capitalization of $143.3 million, based on a share price of CAD$6.05 (USD$4.30 equivalent), instead of the book value of equity, Net Debt as a percentage of total capitalization increases to 71.3%.

Cash Flow

	Thirteen weeks ended	
(Amounts in $000s)	March 28, 2020	March 30, 2019
Net cash flows provided by operating activities	**$ 2,042**	$ 27,001
Net cash flows provided by (used in) financing activities	**12,401**	(15,113)
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 Flows from Operating Activities

Cash flows from operating activities were $25.0 million lower in the first quarter of 2020 compared to the same period last year. The decrease in the first quarter of 2020 was due to unfavorable changes in net non-cash working capital and lower cash flows from operations, partially offset by lower interest and income tax payments. The unfavorable changes in net non-cash working capital are the result of unfavorable changes in inventories and accounts payable, partially offset by favorable changes in accounts receivable and provisions.

Cash Flows from Financing Activities

Cash flows from financing activities were $27.5 million higher in the first quarter of 2020 compared to the same period last year. The increase in the first quarter of 2020 was due to increased short-term borrowings as discussed previously (see the *Liquidity and Capital Resources* section on page 10 of this MD&A) and decreased dividend payments related to the reduction of the quarterly dividend on the Company's common shares during the second quarter of 2019. This was partially offset by long-term debt repayments in the first quarter of 2020 due to higher cash flows from operations in 2019.

Cash Flows from Investing Activities

Cash flows from investing activities were $0.3 million lower in the first quarter of 2020 compared to the same period last year. The decrease in the first quarter of 2020 was due to increased capital expenditures.

Standardized Free Cash Flow (see the *Non-IFRS Financial Measures* section on page 17 for further explanation of Standardized Free Cash Flow) for the rolling twelve months ended March 28, 2020 decreased by $44.4 million to an inflow of $19.8 million compared to an inflow of $64.2 million for the twelve months ended March 30, 2019. This decrease reflects lower cash flows from operating activities, including interest and income taxes, and unfavorable changes in non-cash working capital, partially offset by lower capital expenditures during the twelve months ended March 28, 2020 as compared to the twelve months ended March 30, 2019.

Net Non-Cash Working Capital

(Amounts in $000s)		March 28, 2020		December 28, 2019		Change
Accounts receivable	**$**	**103,317**	$	85,089	**$**	**18,228**
Inventories		**238,826**		294,913		**(56,087)**
Prepaid expenses		**4,456**		4,322		**134**
Accounts payable and accrued liabilities		**(93,851)**		(144,819)		**50,968**
Provisions		**(425)**		(329)		**(96)**
Net non-cash working capital	**$**	**252,323**	$	239,176	**$**	**13,147**

Net non-cash working capital consists of accounts receivable, inventories and prepaid expenses, less accounts payable and accrued liabilities, and provisions. Net non-cash working capital increased by $13.1 million to $252.3 million at March 28, 2020 as compared to $239.2 million at December 28, 2019, primarily reflecting higher accounts receivable and lower accounts payable and accrued liabilities, partially offset by lower inventories.

Our working capital requirements fluctuate during the year, usually peaking between December and March as our inventory is the highest at that time. Going forward, we expect the trend of inventory peaking between December and March to continue, and believe we have enough availability on our working capital credit facility to finance our working capital requirements throughout the remainder of 2020.

Capital Expenditures

Gross capital expenditures (including computer software) were $1.1 million for the first quarter of 2020, or $0.3 million higher than capital expenditures of $0.8 million during the same quarter last year.

Management expects capital expenditures in 2020 will be approximately $9.0 million and funded by cash generated from operations and short-term borrowings. Due to the impact of the uncertainty related to the COVID-19 pandemic on the feasibility of completing capital projects (see the *Recent Developments* section on page 4 of this MD&A), the Company has deferred a portion of the $15.0 million in total annual capital expenditures previously planned for Fiscal 2020 into future periods.

Dividends

The Company paid a CAD$0.050 per share quarterly dividend on March 15, 2020 to common shareholders of record on March 4, 2020.

On May 12, 2020, the Company's Board of Directors approved a quarterly dividend of CAD$0.050 per share on the Company's common shares, payable on June 15, 2020 to holders of record on June 1, 2020. These dividends are considered "eligible dividends" for Canadian income tax purposes.

Dividends and Normal Course Issuer Bids ("NCIB"), if applicable, are subject to the following restrictions in our credit agreements:

- Under the working capital credit facility, Average Adjusted Aggregate Availability, as defined in the credit agreement, needs to be $18.8 million or higher and was $117.1 million on March 28, 2020, and 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; and
- Under the term loan facility, dividends cannot exceed $17.5 million per year. This amount increases to the greater of $25.0 million per year or 32.5% of EBITDA as defined in the loan agreement when the defined total leverage ratio is below 4.0x. The defined total leverage ratio was 4.2x on March 28, 2020. NCIBs are subject to an annual limit of $10.0 million under the term loan facility with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum.

Contractual Obligations

Contractual obligations relating to our bank loans, long-term debt, lease liabilities, purchase obligations and other long-term liabilities as at March 28, 2020 were as follows:

		Payments Due by Period		
(Amounts in $000s)	**Total**	**Less than 1 year**	**1–5 Years**	**Thereafter**
Bank loans	**$ 67,761**	$ 67,761	$ —	$ —
Long-term debt	**384,543**	19,725	83,261	281,557
Lease liabilities	**17,794**	5,339	12,039	416
Purchase obligations	**129,474**	129,474	—	—
Total contractual obligations	**$ 599,572**	$ 222,299	$ 95,300	$ 281,973

Purchase obligations are for the purchase of seafood and other non-seafood inputs, including flour, paper products and frying oils. See the *Procurement* risk section in the 2019 Annual Report and the *Foreign Currency* section on page 22 of this MD&A for further details.

Financial Instruments and Risk Management

The Company has exposure to the following risks as a result of its use of financial instruments: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company enters into interest rate swaps, foreign currency contracts, and insurance contracts to manage these risks that arise from the Company's operations and its sources of financing, in accordance with a written policy that is reviewed and approved by the Audit Committee of the Board of Directors. The policy prohibits the use of derivative financial instruments for trading or speculative purposes.

Readers are directed to Note 12 "*Fair value measurement*" of the Consolidated Financial Statements for a complete description of the Company's use of derivative financial instruments and their impact on the financial results, and to Note 27 "*Financial risk management objectives and policies*" of the 2019 annual consolidated financial statements for further discussion of the Company's financial risks and policies.

Disclosure of Outstanding Share Data

On May 12, 2020, 33,323,481 common shares and 1,982,692 options were outstanding. The options are exercisable on a one-for-one basis for common shares of the Company.

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 the beginning of the second quarter of 2019, the lessor ceased to be a related party 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.

Refer to Note 23 *"Related party disclosures"* to the 2019 annual consolidated financial statements for a further description of the Company's related party transactions, which are substantially unchanged in 2020.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS financial measures in this MD&A to explain the following financial results: Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"); Adjusted Net Income; Adjusted Diluted Earnings per Share ("Adjusted Diluted EPS"); Standardized Free Cash Flow; and Net Debt.

Adjusted EBITDA

Adjusted EBITDA follows the October 2008 "General Principles and Guidance for Reporting EBITDA and Free Cash Flow" issued by the Chartered Professional Accountants of Canada ("CPA Canada") and is earnings before interest, taxes, depreciation and amortization adjusted for items that are not considered representative of ongoing operational activities of the business. The related margin is defined as Adjusted EBITDA divided by net sales ("Adjusted EBITDA as a percentage of sales"), where net sales is defined as "Sales" on the consolidated statements of income.

We use Adjusted EBITDA (and Adjusted EBITDA as a percentage of sales) as a performance measure as it approximates cash generated from operations before capital expenditures and changes in working capital, and it excludes the impact of expenses and recoveries associated with certain non-routine items that are not considered representative of the ongoing operational activities, as discussed above, and share-based compensation expense related to the Company's share price. We believe investors and analysts also use Adjusted EBITDA (and Adjusted EBITDA as a percentage of sales) to evaluate the performance of our business. The most directly comparable IFRS measure to Adjusted EBITDA is "Results from operating activities" on the consolidated statements of income. Adjusted EBITDA is also useful when comparing companies, as it eliminates the differences in earnings that are due to how a company is financed. Also, for the purpose of certain covenants on our credit facilities, "EBITDA" is based on Adjusted EBITDA, with further adjustments as defined in the Company's credit agreements.

The following table reconciles our Adjusted EBITDA with measures that are found in our Consolidated Financial Statements.

				Thirteen weeks ended
(Amounts in $000s)		**March 28, 2020**		**March 30, 2019**
Net income	**$**	**14,227**	$	14,762
Add back:				
Depreciation and amortization		**5,827**		5,501
Finance costs		**5,520**		6,004
Income tax expense		**5,140**		5,716
Standardized EBITDA		**30,714**		31,983
Add back (deduct):				
Business acquisition, integration and other expense (income)(1)		**505**		(1,714)
Gain on disposal of assets		**(40)**		(10)
Share-based compensation (recovery) expense		**(474)**		1,956
Adjusted EBITDA	**$**	**30,705**	$	32,215

(1) In the first quarter of 2019, business, acquisition, integration and other expense (income) includes $3.0 million of the $8.5 million product recall recovery received from the ingredient supplier and short-term benefits incurred as part of the organization realignment.

Adjusted Net Income and Adjusted Diluted EPS

Adjusted Net Income is net income adjusted for the after-tax impact of items which are not representative of ongoing operational activities of the business and certain non-cash expenses or income. Adjusted Diluted EPS is Adjusted Net Income divided by the average diluted number of shares outstanding.

We use Adjusted Net Income and Adjusted Diluted EPS to assess the performance of our business without the effects of the above-mentioned items, and we believe our investors and analysts also use these measures. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. The most comparable IFRS financial measures are net income and EPS.

The table below reconciles our Adjusted Net Income with measures that are found in our Consolidated Financial Statements:

		Thirteen weeks ended March 28, 2020				Thirteen weeks ended March 30, 2019		
		$000s		Diluted EPS		$000s		Diluted EPS
Net income	**$**	**14,227**	**$**	**0.41**	$	14,762	$	0.43
Add back (deduct):								
Business acquisition, integration and other expense (income)[1]		**505**		**0.01**		(1,714)		(0.05)
Share-based compensation (recovery) expense		**(474)**		**—**		1,956		0.06
Tax impact of reconciling items	**$**	**30**	**$**	**—**	$	(79)	$	—
Adjusted Net Income	**$**	**14,288**	**$**	**0.42**	$	14,925	$	0.44
Average shares for the period (000s)				**34,404**				34,216

[1] In the first quarter of 2019, business, acquisition, integration and other expense (income) includes $3.0 million of the $8.5 million product recall recovery received from the ingredient supplier and short-term benefits incurred as part of the organization realignment.

Standardized Free Cash Flow

Standardized Free Cash Flow follows the October 2008 "General Principles and Guidance for Reporting EBITDA and Free Cash Flow" issued by CPA Canada and is cash flow from operating activities less capital expenditures (net of investment tax credits) as reported in the consolidated statements of cash flows. The capital expenditures related to business acquisitions are not deducted from Standardized Free Cash Flow.

We believe Standardized Free Cash Flow is an important indicator of financial strength and performance of our business because it shows how much cash is available to pay dividends, repay debt (including lease liabilities) and reinvest in the Company. We believe investors and analysts use Standardized Free Cash Flow to value our business and its underlying assets. The most comparable IFRS financial measure is "cash flows from operating activities" in the consolidated statements of cash flows.

The table below reconciles our Standardized Free Cash Flow calculated on a rolling twelve-month basis, with measures that are in accordance with IFRS and as reported in the consolidated statements of cash flows.

	Twelve months ended		
(Amounts in $000s)	March 28, 2020	March 30, 2019	Change
Net change in non-cash working capital items	**$ (30,985)**	$ 12,844	**$ (43,829)**
Cash flow from operating activities, including interest and income taxes	**57,632**	62,123	**(4,491)**
Cash flow from operating activities	**26,647**	74,967	**(48,320)**
Less: total capital expenditures, net of investment tax credits	**(6,816)**	(10,723)	**3,907**
Standardized Free Cash Flow	**$ 19,831**	$ 64,244	**$ (44,413)**

Net Debt

Net Debt is calculated as the sum of bank loans, long-term debt (excluding deferred finance costs and modification losses) and lease liabilities, less cash.

We consider Net Debt to be an important indicator of our Company's financial leverage because it represents the amount of debt that is not covered by available cash. We believe investors and analysts use Net Debt to determine the Company's financial leverage. Net Debt has no comparable IFRS financial measure, but rather is calculated using several asset and liability items in the consolidated statements of financial position.

The following table reconciles Net Debt to IFRS measures reported as at the end of the indicated periods.

(Amounts in $000s)	March 28, 2020	December 28, 2019
Current bank loans	**$ 67,382**	$ 37,546
Add-back: deferred finance costs included in current bank loans	**379**	410
Total current bank loans	**67,761**	37,956
Long-term debt	**288,649**	289,020
Current portion of long-term debt	**—**	14,511
Add-back: deferred finance costs included in long-term debt	**6,832**	7,073
Less: loss on modification of debt[(1)]	**(10,165)**	(10,604)
Total term loan debt	**285,316**	300,000
Long-term portion of lease liabilities	**12,716**	7,198
Current portion of lease liabilities	**4,873**	4,582
Total lease liabilities	**17,589**	11,780
Less: cash	**(14,998)**	(3,144)
Net Debt	**$ 355,668**	$ 346,592

(1) Long-term debt reflects a loss on the modification of debt related to the debt refinancing completed in October 2019 that has been excluded from the calculation of Net Debt as it does not represent the expected cash outflows from term loan facility.

GOVERNANCE

In accordance with National Instrument 52-109 "*Certification of Disclosure in Issuers' Annual and Interim Filings"*, our certifying officers have evaluated the design effectiveness of Disclosure Controls and Procedures ("DC&P"), and our Company's Internal Control over Financial Reporting ("ICFR"). There were no changes in the Company's ICFR during the period beginning on December 29, 2019 and ending on March 28, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

ACCOUNTING ESTIMATES AND STANDARDS

Critical Accounting Estimates

Critical accounting judgments and estimates used in preparing our Consolidated Financial Statements are described in the Company's 2019 Annual Report. The preparation of the Company's Consolidated Financial Statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of sales, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. The potential impacts on the Company's most significant estimates and judgements of COVID-19 (see the *Recent Developments* section on page 4 of this MD&A) 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. Actual outcomes may differ from these estimates under different assumptions and conditions that could require a material adjustment to the reported carrying amounts in the future.

Accounting Standards

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 standards and amendments that were effective for annual periods beginning on January 1, 2020 and that the Company 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 assessment of the economic relationship between the hedged item and the hedging instrument.

The Company holds interest rate swaps (see Note 12, *Fair value measurement* to the Consolidated Financial Statements) to hedge the interest rate risk resulting from the term loan facility (see Note 5, *Long-term debt* to the Consolidated Financial Statements). 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 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, *Fair value measurement* to the Consolidated Financial Statements.

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.

RISK FACTORS

High Liner Foods is exposed to a number of risks in the normal course of business that have the potential to affect operating performance. The Company takes a strategic approach to risk management. To achieve a superior return on investment, we have designed an enterprise-wide approach, overseen by the senior management of the Company and reported to the Board, to identify, prioritize and manage risk effectively and consistently across the organization.

Readers should refer to the 2019 Annual Report and AIF for a more detailed description of risk factors applicable to the Company, which are available at www.sedar.com and at www.highlinerfoods.com. We have updated certain risk factors below for the first quarter of 2020.

COVID-19 Pandemic

In March 2020, the COVID-19 outbreak was recognized as a pandemic by the 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 could negatively impact the Company's operations and financial results in future periods.

The COVID-19 pandemic has resulted in governmental authorities implementing various measures including, but not limited to: travel bans and restrictions; social distancing measures; quarantines; increased border and port controls and closures and shutdowns. There is significant uncertainty regarding these measures and potential future measures, all of which could reduce customer demand, and/or impact the Company's ability to meet customer demand.

The full extent and impact of the COVID-19 pandemic on the Company's operations is unknown. Potential adverse impacts of the COVID-19 pandemic include, but are not limited to:

- An increased risk of supply chain disruption, including suspension of plant operations, as a result of positive COVID-19 tests or externally imposed restrictions on suppliers or at the Company's facilities;
- An increased risk of availability and price volatility of seafood and non-seafood goods used in the Company's production of seafood products;
- An increased risk of a material reduction in demand for the Company's products, particularly related to the Company's foodservice business that has been impacted by social distancing regulations;
- An increase in geopolitical risk related to governmental and market responses to COVID-19, including the impacts on operations of social distancing regulations, fluctuating currency exchange rates, and volatile market conditions;
- An increase in risk related to employment matters and the Company's workforce including, but not limited to, increased employee absences related to the COVID-19 pandemic and temporary or permanent layoffs as a result of reduction in product demand;
- An increase in credit risk due to impact of COVID-19 on the liquidity of the Company's customers;
- An increase in liquidity risk for the Company associated with the anticipated negative impact of COVID-19 on cash flows from operations due to expected decline in sales volume; and,
- An increased risk related to the Company's financial estimates and judgments that rely on microeconomic and/or macroeconomic factors due to the uncertain impact of COVID-19 on various inputs (see Note 3, *COVID-19 pandemic* to the Consolidated Financial Statements).

Due to the uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic, including the results of measures taken to slow the spread and the broader impact COVID-19 may have on the North American and global economies or financial markets, we are unable at this time to accurately predict the overall impact on our operations, liquidity, financial condition, or results. However, the COVID-19 pandemic may have a material, adverse impact on our results. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Company.

Foreign Currency

High Liner Foods reports its results in USD to reduce volatility caused by changes in the USD to CAD exchange rate. The Company's income statement and balance sheet are both affected by foreign currency fluctuations in a number of ways. The Company's shares are traded in CAD and reports its results in USD, therefore, investors are reminded to take this into consideration for purposes of calculating financial ratios, including dividend payout and share price-to-earnings ratios.

The Canadian dollar weakened relative to the U.S. dollar approximately 5.3% as of March 28, 2020 compared to March 30, 2019. The change in the Canadian dollar relative to the U.S. dollar is in part reflective of the impact of the COVID-19 pandemic on global markets. The future impact of COVID-19 on foreign currency is uncertain as the situation continues to unfold. On our balance sheet, this decreases the USD carrying value of both CAD-denominated assets and liabilities and increases the foreign exchange translation impact of our Canadian company included in accumulated other comprehensive income ("AOCI") in shareholders' equity. As our Canadian operations are a net importer of seafood and other products purchased in USD, a stronger CAD reduces its costs and a weaker CAD increases its costs in its CAD functional currency.

In order to minimize foreign exchange risk, we undertake hedging activities using various derivative products in accordance with the Company's "Price Risk Management Policy", which is approved and monitored by the Audit Committee. We hedge the USD costs of a portion of our raw material requirements and retail commodity products as sales price increases on these products take more time to implement. We generally do not hedge certain commodity foodservice products as the sales prices to our customers change frequently enough to capture foreign exchange fluctuations, but may do so from time to time. During the first quarter of 2020, our hedging activities resulted in an effective USD/CAD exchange rate of 1.3262 for inventory purchased in USD by our Canadian operations, compared to 1.3199 for the first quarter of 2019.

Our risk management strategy with respect to exposure to the Canadian dollar is fully explained in the MD&A in our 2019 Annual Report.

Geopolitical Risk

The Company's operations are currently conducted in North America and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary for each country and include, but are not limited to: fluctuations in currency exchange rates; inflation rates; labour unrest; terrorism; civil commotion and unrest; global pandemic (including COVID-19); changes in taxation policies; restrictions on foreign exchange and repatriation; changing political conditions and social unrest; changes in trade agreements; economic sanctions, tariffs and other trade barriers.

Changes, if any, in trade agreements or policies, or shifts in political attitude, could adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations including, but not limited to, export controls, income taxes, foreign investment, and environmental legislation.

In 2017, the U.S. Tax Reform resulted in significant changes to tax legislation in the United States and certain aspects of the U.S. Tax Reform are still subject to interpretation which could impact the results of operations, financial condition and cash flows of the Company (see the *Income Taxes* section on page 10 of this MD&A).

In 2018, the USTR commenced certain trade actions, including imposing tariffs on certain goods imported from China, including some of the species the Company imports from China. The Company has implemented plans, including pricing actions and other supply chain initiatives, to mitigate the impact of these tariffs and reduce the estimated impact to the Company's operations. However, the Company cannot control the duration or depth of such actions, which may increase product costs and reduce profitability, and potentially decrease the competitiveness of its products.

During December 2019, the Company received notice of approval of an exclusion request submitted to the USTR regarding tariffs on certain goods imported to the U.S. from China. The exclusion applies to tariffs already incurred, or that would otherwise be incurred, on specific goods from September 24, 2018 to August 7, 2020 and may result in the recovery of tariffs previously paid by the Company. It is not practicable at this time to estimate the timing or amount of any recovery. Trade discussions between the USTR and China are ongoing, which may impact the timing and amount of recoveries related to these exclusions and have a material, adverse effect on results of operations, financial condition and cash flows of the Company.

The Company will continue to monitor these developments closely, particularly if further information becomes available regarding potential additional tariffs or exclusions, the resumption of tariffs, or how the previously announced tariffs and exclusions will impact the Company.

The occurrence and the extent of these various factors and uncertainties cannot be accurately predicted and could have a material adverse effect on the Company's operations and profitability.

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)

	Notes	Thirteen weeks ended **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)

		Thirteen weeks ended	
	Notes	**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.