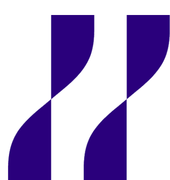
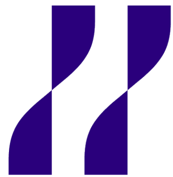


HIGH LINER FOODS

FOURTH QUARTER
REPORT TO SHAREHOLDERS

Fifty-two weeks ended December 28, 2024



HIGH LINER FOODS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fifty-two weeks ended December 28, 2024

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

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A"), dated February 26, 2025, relates to the financial condition and results of operations of High Liner Foods Incorporated for the fifty-two weeks ended December 28, 2024 ("Fiscal 2024") compared to the fifty-two weeks ended December 30, 2023 ("Fiscal 2023"). 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 2024 Audited Consolidated Financial Statements ("Consolidated Financial Statements") as at and for the fifty-two weeks ended December 28, 2024, prepared in accordance with IFRS® Accounting Standards. The information contained in this document, including forward-looking statements, is based on information available to management as of February 26, 2025, except as otherwise noted.

Comparability of Periods

The Company's fiscal year-end floats, and ends on the Saturday closest to December 31. The Company follows a fifty-two week reporting cycle, which periodically necessitates a fiscal year of fifty-three weeks. Fiscal year 2024 was fifty-two weeks, fiscal year 2023 was fifty-two weeks and 2022 was fifty-two weeks. When a fiscal year contains fifty-three weeks, the reporting cycle is divided into four quarters of thirteen weeks each except for the fourth quarter, which is fourteen weeks in duration. Therefore, amounts presented may not be entirely comparable.

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 certain sections 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 includes statements that are forward looking. Our actual results may be substantially different because of the risks and uncertainties associated with our business and the general economic environment. We discuss the principal risks of our business in the *Risk Factors* section on page 33 of this MD&A. We cannot provide any assurance that forecasted financial or operational performance will actually be achieved, and if it is achieved, we cannot provide assurance that it will result in an increase in the Company's share price. See the *Forward-Looking Information* section on page 51 of this MD&A.

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***, ***Sea Cuisine, C. Wirthy*** 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 materials 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 consumers' expectations 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.sedarplus.ca and in the Investors section of the Company's website at www.highlinerfoods.com.

RECENT DEVELOPMENTS

Economic Conditions

The Company continues to navigate the challenging macroeconomic environment and issues caused by global conflicts, characterized by prolonged inflation, high interest rates, and shifting consumer sentiment that have affected both retail and foodservice segments. The frozen seafood category in retail saw a demand decline in the first half of 2024, leading to increased promotional activity, while the foodservice slowdown is linked to changing dining habits. Amid these challenges, the Company remains confident in its brands and strategy, leveraging data-driven insights to stay resilient. See the *Outlook* section below for the Company's response to these current economic conditions.

U.S. Tariffs

In September 2018, the U.S. Trade Representative ("USTR") commenced trade discussions with China that resulted in various actions impacting the Company related to additional tariffs on goods imported to the U.S., including a 25% tariff on certain raw material imports (the "2018 US-China Tariffs"). During March 2022, the Company received notice of approval of an exclusion extension request submitted to the USTR regarding tariffs on certain goods imported to the U.S. from China. The extension applied to tariffs already incurred, or that would otherwise have been incurred, on specific goods from October 12, 2021 to December 31, 2022. Since December 16, 2022 the

[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).*

USTR has extended this exclusion multiple times, including most recently on May 25, 2024, which further extended the exclusion to May 31, 2025, which will allow for further consideration under the statutory four-year review.

On February 1, 2025 an Executive Order was signed by the U.S. President enacting measures which would be effective February 4, 2025 and imposes an additional 10% tariff on all Chinese imports into the United States (the "2025 US-China Tariffs"). The Executive Order also imposes an additional 25% tariff on Canadian imports into the United States, except for Canadian energy products, which would be subject to a 10% tariff (the "2025 US-Canada Tariffs"). In response, the Canadian government announced that it would impose 25% tariffs on CAD$155 billion of goods from the U.S., with CAD$30 billion tariffs imposed on February 4, 2025, and the remaining CAD$125 billion duties imposed after a 21-day delay to allow Canadian businesses time to adapt (the "2025 Canada-US Tariffs"). On February 3, 2025, it was announced that the 2025 US-Canada Tariffs and the 2025 Canada-US Tariffs would be delayed until March 1, 2025.

The Company intends to implement plans, including pricing actions and other supply chain initiatives, to mitigate the impact of these tariffs and reduce the estimated impact on the Company and its customers.

The Company will continue to monitor these developments closely in 2025, particularly as further information becomes available regarding potential additional tariffs or exclusions, how the previously announced tariffs and exclusions will impact the Company, and effectiveness and timelines for implementation of such tariffs. Refer to *Risk Factors* section below for additional information.

Change in Senior Management

On May 31, 2024, the Company appointed Darryl Bergman as Chief Financial Officer ("CFO"), effective July 15, 2024.

Refinancing of Term Loan Facility

On July 31, 2024, the Company completed the early refinancing of its term loan facility (refer to Note 12 "Long-term debt" to the Consolidated Financial Statements for further information). The term loan facility was refinanced for $240.0 million with an extended term from October 2026 to July 2031, and the applicable interest rates for loans under the facility were decreased from SOFR plus 3.75% (0.75% SOFR floor) to SOFR plus 3.25% (0.50% SOFR floor).

The amendments to the facility were not assessed as a substantial modification. As a result, the deferred financing costs related to the original facility continue to be amortized over the remaining term. The Company incurred additional deferred financing costs on the amended facility of $5.8 million. As the net present value of the cash flows of the modified debt are less than the carrying value of the original facility before the amendments, at the time of modification a gain of $12.7 million was recorded as a reduction in finance costs on the consolidated statements of income during the fifty-two weeks ended December 28, 2024.

Lease Modification

On July 12, 2024, the Company extended the lease of 185 International Drive, Portsmouth, New Hampshire to April 30, 2035. As part of the extension agreement, the Company has lowered the overall leased space. However the Company's previous lease will continue until the earlier of the original lease expiration date of April 14, 2025, or the date a new tenant's lease of the surrendered space begins. Once the original lease term has expired or a new tenant is paying rent for the surrendered space, whichever is earlier, the new terms of the retained premises will begin. The right-of-use asset and lease liability were remeasured to account for the revised lease payments and extended term. In remeasuring the asset and liability, the Company has considered an additional 5-year extension option, which is present in the modified lease agreement, as the Company is reasonably certain the option will be exercised. This remeasurement led to an adjustment in the carrying amount of the right-of-use asset by $2.4 million, using the incremental borrowing rate at the date of modification to discount the new lease payments.

Litigation Update

As reported in 2020, High Liner Foods instituted legal proceedings in California against Mr. Brian Wynn in connection with the sale of Rubicon Resources, LLC ("Rubicon") to the Company. On March 5, 2024, a settlement agreement (the "Agreement") was reached between the Company and the previous shareholders of Rubicon, including Mr. Wynn. In accordance with the terms of the Agreement, 2,429,014 common shares of the Company issued in connection with the acquisition of Rubicon were surrendered and subsequently cancelled, resulting in a $9.8M gain in the Company's statement of income under *Business acquisition, integration and other (income) expense*. In addition, as a part of the Agreement, $5.7M was paid directly to the insurance company to reimburse funds received from a previous insurance claim settlement on Representation and Warranties Insurance the Company procured to provide coverage of breaches of representation by Rubicon and Mr. Wynn. As at December 28, 2024, the terms of the Agreement have been fulfilled and are reflected in the financial results for the fifty-two weeks ended December 28, 2024.

Russian Sourced Seafood Sanctions

On December 22, 2023, the US Government issued an executive order prohibiting the import of certain species of seafood into the United States. The determination updated the previous prohibition on Russian seafood imports of salmon, pollock, cod, and crab products harvested in waters under the jurisdiction of the Russian Federation or by Russian flagged vessels outside of Russian waters, to now include seafood that has been reprocessed and substantially transformed outside of Russia. All orders of product that include Russian country of harvest raw material had to cease immediately and only products ordered before December 22, 2023 and received on or before February 21, 2024, were permitted into the United States. This date was extended to May 31, 2024, however continued to only include raw material ordered before December 22, 2023.

High Liner Foods immediately implemented these new regulations and executed a plan to limit the impact of these new regulations on its business.

Investment in Andfjord Salmon AS

On May 22, 2024, High Liner Foods invested $10.0 million in exchange for 3,234,970 common shares of Andfjord Salmon AL ("Andfjord"), a market leader in sustainable salmon aquaculture based in Dverberg, Norway. On November 19, 2024, High Liner Foods invested an additional $1.3 million in exchange for 400,000 common shares of Andfjord. The Company's total ownership is approximately 5.4% of the shares of Andfjord. The Company believes this investment aligns with the Company's long-term growth strategy, including gaining exposure to salmon aquaculture.

Investment in Norcod AS

On March 21, 2024, High Liner Foods invested $5.0 million in exchange for 4,412,000 common shares (approximately 10%) of Norcod AS ("Norcod"), a leader in responsible and sustainable cod aquaculture based in

Trondheim, Norway. The Company believes this investment is an important step forward in the Company's long-term growth strategy, including gaining exposure to the growing cod aquaculture market.

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.

(in $000s, except sales volume, per share amounts, percentage amounts, and exchange rates)	Fifty-two weeks ended December 28, 2024	December 30, 2023	Change	Fifty-two weeks ended December 31, 2022
Sales volume (millions of lbs)	**235.8**	257.0	**(21.2)**	250.9
Average foreign exchange rate (USD/CAD)	**1.3695**	1.3497	**$ 0.0198**	$ 1.3017
Sales	**$ 959,218**	$ 1,080,338	**$(121,120)**	$ 1,069,714
Gross profit	**$ 217,271**	$ 218,689	**$ (1,418)**	$ 229,928
Gross profit as a percentage of sales	**22.7%**	20.2%	**2.5%**	21.5%
Distribution expenses	**$ 45,225**	$ 56,875	**$ (11,650)**	$ 59,661
Selling, general and administrative expenses	**$ 100,027**	$ 94,455	**$ 5,572**	$ 93,023
Adjusted EBITDA [(1)]	**103,339**	$ 95,092	**$ 8,247**	$ 103,867
Adjusted EBITDA as a percentage of sales	**10.8%**	8.8%	**2.0%**	9.7%
Net income	**$ 60,164**	$ 31,677	**$ 28,487**	$ 54,730
Basic Earnings per Share ("EPS")	**$ 1.89**	$ 0.94	**$ 0.95**	$ 1.62
Diluted EPS	**$ 1.89**	$ 0.93	**$ 0.96**	$ 1.56
Adjusted Net Income [(1)]	**47,961**	$ 38,680	**$ 9,281**	$ 51,712
Adjusted Basic EPS	**1.51**	$ 1.15	**$ 0.36**	$ 1.53
Adjusted Diluted EPS [(1)]	**1.51**	$ 1.14	**$ 0.37**	$ 1.48
Total assets	**$ 849,312**	$ 834,399	**$ 14,913**	$ 1,003,486
Total long-term financial liabilities	**$ 225,353**	$ 251,073	**$ (25,720)**	$ 249,903
Dividends paid per common share (in CAD)	$ 0.62	$ 0.54	**$ 0.08**	$ 0.43

[(1)] See the *Non-IFRS Financial Measures* section starting on page 24 for further explanation of Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS.

Sales

Sales volume in 2024 decreased by 21.2 million pounds, or 8.2%, to 235.8 million pounds compared to 257.0 million pounds in 2023. The decrease in sales is primarily driven by customer and consumer pull back and overall market softness. High Liner Foods' retail business continued to experience challenges as a result of consumer price sensitivity and competitive pressure in a highly promotional environment. While the retail business experienced a year over year decline in volumes, the Company once again expanded distribution in strategic areas including club and premium offerings, as highlighted in the *Fourth Quarter Sales* section on page 11 of this MD&A. The decrease was also driven by lower sales volume in our foodservice business, where the Company was impacted by a decline in contract manufacturing business, the exit of some unprofitable business, and some overall market softness. The Company continues to benefit from diversification of its foodservice customer base across non-commercial and commercial customers, as well as its strategic focus on high growth channels and species.

Sales in 2024 decreased by $121.1 million, or 11.2%, to $959.2 million compared to $1,080.3 million in 2023. The decrease in sales is mainly driven by reduced volumes, previously mentioned, and reduced pricing reflecting deflationary markets. Given the highly promotional and price sensitive retail and foodservice, markets, the Company took actions on promotions, innovation and distribution to strengthen its competitive positioning and mitigate the impact of external pressures while preserving profitability.

The weaker Canadian dollar in 2024 compared to 2023 decreased the value of reported USD sales from our CAD-denominated operations by approximately $3.4 million relative to the conversion impact last year.

Gross Profit

Gross profit decreased in 2024 by $1.4 million, or 0.6%, to $217.3 million compared to $218.7 million in 2023, however, gross profit as a percentage of sales increased to 22.7%, compared to 20.2%. The decrease in gross profit reflects the decline in sales volume previously mentioned. This was partially mitigated by the benefit of lower inventory levels, lower raw material costs and the favourable changes in the product mix reflected in the improved gross profit as a percentage of sales.

The weaker Canadian dollar decreased the value of reported USD gross profit from our Canadian operations in 2024 by $0.9 million relative to the conversion impact last year.

Distribution Expenses

Distribution expenses decreased in 2024 by $11.7 million, or 20.6%, to $45.2 million compared to $56.9 million in 2023. This decline reflects lower storage and freight costs in 2024 compared to the same period in 2023. This reduction is attributed to the decreased reliance on external storage warehouses compared to the same period last year, as inventory levels have since stabilized. The decrease in freight costs are driven by reduced freight rates, in addition to lower sales volume, mentioned previously. As a percentage of sales, distribution expenses decreased favourably to 4.7% in 2024 compared to 5.3% in the same period in 2023.

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

(Amounts in $000s)		December 28, 2024		Fifty-two weeks ended December 30, 2023
SG&A expenses, as reported	**$**	**100,027**	$	94,455
Less:				
Share-based compensation expense [1]		**7,559**		1,469
Depreciation and amortization expense [1]		**9,451**		12,806
SG&A expenses, net	**$**	**83,017**	$	80,180
SG&A expenses, net as a percentage of sales		**8.7%**		7.4%

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

SG&A expenses increased by $5.5 million, or 5.8%, to $100.0 million in 2024 as compared to $94.5 million in 2023. SG&A expenses included share-based compensation expense of $7.6 million in 2024 compared to $1.5 million in 2023, primarily due to increased share price performance, a higher expected performance multiplier for performance-based awards, and a higher number of units outstanding in 2024 compared to the same period last year. SG&A expenses also included depreciation and amortization expense of $9.5 million in 2024 compared to $12.8 million in 2023. The decrease in depreciation and amortization expense of $3.3 million was due to investment the Company made in software in 2021 and 2022 which resulted in increased depreciation and amortization in 2023 that did not occur in the current year.

Excluding share-based compensation and depreciation and amortization expenses, SG&A expenses increased in 2024 by $2.8 million, or 3.5%, to $83.0 million compared to $80.2 million in 2023, due to increased administrative expenses including salary, benefits, incentives and other human resources-related costs, information technology expenses, loss on disposal of assets, and travel and entertainment expenses, offset by increased absorption of overhead costs and a reduction in consumer marketing expenses compared to the same period in the prior year. As a percentage of sales, SG&A excluding share-based compensation and depreciation and amortization expense increased to 8.7% in 2024 compared to 7.4% for the same period in 2023.

Adjusted EBITDA

We refer to Adjusted EBITDA throughout this MD&A in discussing our results for the thirteen and fifty-two weeks ended December 28, 2024. See the *Non-IFRS Financial Measures* section starting on page 24 for further explanation of this non-IFRS measure.

Adjusted EBITDA increased in 2024 by $8.2 million, or 8.6%, to $103.3 million compared to $95.1 million in 2023, and as a percentage of sales, Adjusted EBITDA increased favourably to 10.8% compared to 8.8%. The increase in Adjusted EBITDA is a result of decreased distribution expenses, partially offset by higher SG&A expenses and the decrease in gross profit.

In addition, the weaker Canadian dollar decreased the value of reported Adjusted EBITDA in USD from our Canadian operations in 2024 by $0.5 million relative to the conversion impact last year.

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 24 for further explanation of these non-IFRS measures.

Net income increased in 2024 by $28.5 million, or 89.9%, to $60.2 million ($1.89 per diluted share) compared to $31.7 million ($0.93 per diluted share) in 2023. The increase in net income is due to the increase in Adjusted EBITDA, a decrease in finance costs, a decrease in depreciation and amortization expense, and an increase in business acquisition, integration and other (income) expense, partially offset by an increase in income tax expense. The cancellation of 2.4 million shares in the second quarter of 2024 related to the Rubicon settlement (as described in the *Recent Developments* section) also supported the growth in the earnings per share.

In 2024, net income included "business acquisition, integration and other (income) expense" (as explained in the *Business Acquisition, Integration and Other (Income) Expense* section on page 13 of this MD&A) related to certain non-routine expenses. Excluding the impact of these non-routine items, other non-cash expenses, and share-based compensation, Adjusted Net Income in 2024 increased by $9.3 million, or 24.0%, to $48.0 million compared to $38.7 million in 2023.

Adjusted Diluted EPS increased $0.37 in 2024 to $1.51 compared to $1.14 in 2023.

RESULTS BY QUARTER

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

Fiscal 2024

(Amounts in $000s, except per share amounts)		First Quarter		Second Quarter		Third Quarter	Fourth Quarter		Full Year
Sales	$	276,972	$	218,323	$	228,884	235,039	$	959,218
Adjusted EBITDA (1)	$	34,240	$	23,824	$	21,493	23,782	$	103,339
Net income	$	16,598	$	19,291	$	18,347	5,928	$	60,164
Basic EPS	$	0.49	$	0.59	$	0.61	0.20	$	1.89
Diluted EPS	$	0.49	$	0.59	$	0.61	0.20	$	1.89
Adjusted Net Income (1)	$	18,590	$	11,237	$	5,601	12,533	$	47,961
Adjusted Basic EPS	$	0.55	$	0.35	$	0.20	0.41	$	1.51
Adjusted Diluted EPS (1)	$	0.55	$	0.35	$	0.20	0.41	$	1.51
Dividends paid per common share (in CAD)	$	0.15	$	0.15	$	0.15	0.17	$	0.62
Net non-cash working capital (2)	$	262,840	$	237,221	$	241,392	235,914	$	235,914

Fiscal 2023

(Amounts in $000s, except per share amounts)		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year
Sales	$	329,164	$	254,349	$	259,699	$	237,126	$	1,080,338
Adjusted EBITDA [1]	$	31,199	$	22,032	$	19,974	$	21,887	$	95,092
Net income	$	13,888	$	5,887	$	5,486	$	6,416	$	31,677
Basic EPS	$	0.41	$	0.18	$	0.16	$	0.19	$	0.94
Diluted EPS	$	0.40		0.17	$	0.16	$	0.20	$	0.93
Adjusted Net Income [1]	$	16,437	$	10,044	$	4,906	$	7,293	$	38,680
Adjusted Basic EPS	$	0.49	$	0.30	$	0.15	$	0.21	$	1.15
Adjusted Diluted EPS [1]	$	0.48	$	0.29	$	0.14	$	0.23	$	1.14
Dividends paid per common share (in CAD)	$	0.13	$	0.13	$	0.13	$	0.15	$	0.54
Net non-cash working capital [2]	$	388,476	$	352,189	$	306,131	$	255,151	$	255,151

[1] See the *Non-IFRS Financial Measures* section starting on page 24 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.
[2] Net non-cash working capital comprises accounts receivable, inventories and prepaid expenses, less accounts payable and accrued liabilities, contract liability and provisions. Represents the amount as at the end of the period.

As discussed in the *Performance* section on page 5 of this MD&A, the first quarter of the year historically emerges as the peak period for both sales and profit. This pattern holds true for both our retail and foodservice businesses, strengthened by heightened seafood promotion during the Lenten period.

During the second quarter of 2024, the Company recorded a $9.8M gain in *Business acquisition, integration and other expense (income)* relating to the shares that were surrendered, and subsequently cancelled, in connection with the litigation settlement reached with the former shareholders of Rubicon. This amount is reflected in net income and earnings per share in the second quarter of 2024.

During the third quarter of 2024, the Company completed the early refinancing of its term loan facility (refer to *Recent Developments* section on page 2 for further details). As the net present value of the cash flows of the modified debt are less than the carrying value of the original facility before the amendments, a one-time modification gain of $12.7 million was recorded as a reduction of the finance costs on the consolidated statements of income during the third quarter of 2024.

In fiscal 2023, net non-cash working capital balances were elevated, resulting from increased inventory levels aimed at mitigating global supply chain disruptions. As supply chain challenges eased, the Company progressively reduced the inflated inventory levels throughout the year, resulting in a corresponding decrease in net non-cash working capital in each consecutive quarter.

FOURTH QUARTER

Consolidated Performance

(in $000s, except sales volume, per share amounts, percentage amounts and exchange rates)	Thirteen weeks ended December 28, 2024	Thirteen weeks ended December 30, 2023	Change	Thirteen weeks ended December 31, 2022
Sales volume (millions of lbs)	**60.4**	59.6	**0.8**	58.4
Average foreign exchange rate (USD/CAD)	**$ 1.3966**	$ 1.3620	**$ 0.0346**	$ 1.3572
Sales	**$ 235,039**	$ 237,126	**$ (2,087)**	$ 250,346
Gross profit	**$ 50,965**	$ 48,657	**$ 2,308**	$ 54,838
Gross profit as a percentage of sales	**21.7 %**	20.5 %	**1.2 %**	21.9 %
Distribution expenses	**$ 11,326**	$ 11,681	**$ (355)**	$ 13,740
Selling, general and administrative expenses	**$ 26,055**	$ 23,667	**$ 2,388**	$ 22,600
Adjusted EBITDA [(1)]	**$ 23,782**	$ 21,887	**$ 1,895**	$ 25,385
Adjusted EBITDA as a percentage of sales	**10.1 %**	9.2 %	**0.9 %**	10.1 %
Net income	**$ 5,928**	$ 6,416	**$ (488)**	$ 11,131
Basic EPS	**$ 0.20**	$ 0.19	**$ 0.01**	$ 0.33
Diluted EPS	**$ 0.20**	$ 0.20	**$ —**	$ 0.32
Adjusted Net Income [(1)]	**$ 12,533**	$ 7,293	**$ 5,240**	$ 12,318
Adjusted EPS	**0.41**	$ 0.21	**$ 0.20**	$ 0.37
Adjusted Diluted EPS [(1)]	**0.41**	$ 0.23	**$ 0.18**	$ 0.35

[(1)] See the *Non-IFRS Financial Measures* section starting on page 24 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.

Sales

Sales volume for the thirteen weeks ended December 28, 2024, or the fourth quarter of 2024, increased by 0.8 million pounds, or 1.3%, to 60.4 million pounds compared to 59.6 million pounds in the thirteen weeks ended December 30, 2023, due to an increase in volume in our retail business, where the Company's targeted approach to value-driven promotions and innovations is supporting expanded distribution, especially in the growing Club channel.

In the Company's foodservice business, volume was flat as a result of slowdown across the foodservice industry as consumers pulled back on dining outside of the home, especially in casual dining. The relative stability of the Company's non-commercial business of schools, hospitals and long-term care helped offset market pressures, as did continued success of new value-added innovations in terms of volume and expanded distribution. The Company also saw continued growth in alternative species.

Sales in the fourth quarter of 2024 decreased by $2.1 million, or 0.9%, to $235.0 million compared to $237.1 million in the same period last year, driven by reduced pricing reflecting deflationary raw material costs, product mix and increased promotional activity, partially offset by the increase in volumes. Given the highly promotional and price sensitive retail and foodservice markets, the Company continues to promote and innovate while adding distribution to strengthen its competitive position.

The weaker Canadian dollar in the fourth quarter of 2024 compared to the same period in 2023 decreased the value of USD sales from our CAD-denominated operations by approximately $1.5 million relative to the conversion impact last year.

Gross Profit

Gross profit increased in the fourth quarter of 2024 by $2.3 million, or 4.7%, to $51.0 million compared to $48.7 million in the same period in 2023, and gross profit as a percentage of sales increased to 21.7% compared to 20.5%. The increase in gross profit reflects increased margins due to lower raw material costs, a more profitable mix, a balanced approach to pricing and promotion focused on supporting both the bottom and top line of the business, and partially offset by the decrease in sales. High Liner Foods continues to drive continuous improvements across operations to ensure prudent cost management.

In addition, the weaker Canadian dollar decreased the value of reported USD gross profit from our Canadian operations in 2024 by $0.4 million relative to the conversion impact last year.

Distribution Expenses

Distribution expenses, consisting of freight and storage, decreased in the fourth quarter of 2024 by $0.4 million or 3.4% to $11.3 million compared to $11.7 million in 2023 reflecting lower freight costs resulting from favourable freight rates, partially offset with an increase in storage costs. As a percentage of sales, distribution expenses decreased favourably to 4.8% in the fourth quarter of 2024 compared to 4.9% in the same period in 2023.

SG&A Expenses

SG&A expenses increased in the fourth quarter of 2024 by $2.4 million to $26.1 million compared to $23.7 million in the same period last year. SG&A expenses included share-based compensation expense of $4.0 million in the fourth quarter of 2024, compared with an expense of $0.7 million in the fourth quarter of 2023, primarily due to an increase in share price performance, a higher expected performance multiplier for performance-based awards, and a higher number of units outstanding compared to the prior year. SG&A expenses also included depreciation and amortization expense of $2.2 million in the fourth quarter of 2024 compared to $4.9 million in the same period in 2023, as the Company's investment in software in 2021 and 2022 increased the depreciation and amortization in the fourth quarter of 2023 that did not occur in the current year.

Excluding share-based compensation and depreciation and amortization expenses, SG&A expenses increased in the fourth quarter of 2024 by $1.8 million to $19.9 million compared to $18.1 million in the same period last year, due to an increase in consulting and professional fees, as well as an increase in salaries, benefits, and incentive costs. This was partially offset by a reduction in other human resources-related costs, and increased absorption of overhead costs. As a percentage of sales, SG&A excluding share-based compensation and depreciation and amortization expense was 8.4% in the fourth quarter of 2024 compared to 7.6% in the same period last year.

Adjusted EBITDA

Adjusted EBITDA increased in the fourth quarter of 2024 by $1.9 million, or 8.7%, to $23.8 million compared to $21.9 million in 2023. As a percentage of sales, Adjusted EBITDA increased favourably to 10.1% compared to 9.2%. The increase in Adjusted EBITDA reflects the increase in gross profit and favourable distribution expenses, partially offset by increased SG&A expenses, all discussed previously.

The weaker Canadian dollar decreased the value of reported Adjusted EBITDA in USD from our Canadian operations in 2024 by $0.2 million relative to the conversion impact last year.

Net Income

Net income decreased in the fourth quarter of 2024 by $0.5 million, or 7.8%, to net income of $5.9 million ($0.20 per diluted share) compared to net income of $6.4 million ($0.20 per diluted share) in 2023. The decrease in net income reflects the increase in SG&A expenses and higher income tax expense, partially offset with the increase in gross profit, and lower finance costs.

In the fourth quarter of 2024, net income included "business acquisition, integration and other (income) expense" (as explained in the *Business Acquisition, Integration and Other (Income) Expense* below) related to certain non-routine expenses. Excluding the impact of these non-routine items or other non-cash expenses and share-based compensation, Adjusted Net Income in the fourth quarter of 2024 increased by $5.2 million, or 71.2%, to $12.5 million compared to $7.3 million in 2023.

Adjusted Diluted EPS increased to $0.41 from $0.23 in 2023.

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		Fifty-two weeks ended	
(Amounts in $000s)	**December 28, 2024**	**December 30, 2023**	**December 28, 2024**	**December 30, 2023**
Business acquisition, integration and other expense (income)	**$ 232**	$ 410	**$ (8,528)**	$ 7,070

Business acquisition, integration and other expense (income) for the fifty-two weeks ended December 28, 2024, and December 30, 2023, also included certain non-routine expenses, such as legal and consulting fees, that are not representative of the Company's ongoing operational activities. During the fifty-two weeks ended December 28, 2024, the Company recognized a gain of $9.8M relating to the shares reacquired as a result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. During the fifty-two weeks ended December 30, 2023, the Company incurred legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn, as well as other legal and consulting costs associated with the Company's business acquisition activities and other litigation matters.

FINANCE COSTS

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

	Thirteen weeks ended		Fifty-two weeks ended	
(Amounts in $000s)	**December 28, 2024**	**December 30, 2023**	**December 28, 2024**	**December 30, 2023**
Interest paid in cash during the period	**$ 2,327**	$ 5,825	**$ 18,487**	$ 24,902
Change in cash interest accrued during the period [1]	**2,156**	(578)	**675**	(790)
Total interest to be paid in cash	**4,483**	5,247	**19,162**	24,112
Modification gain related to debt refinancing activities [2]	**—**	—	**(13,033)**	—
Interest expense on lease liabilities[1]	**156**	200	**933**	569
Deferred financing cost & net modification amortization	**845**	370	**1,454**	1,497
Total finance costs	**$ 5,484**	$ 5,817	**$ 8,516**	$ 26,178

[1] The comparative figures for change in cash interest accrued during the period and interest expense on lease liabilities for the thirteen and fifty-two weeks have been reclassified to conform to the current period presentation.
[2] The modification gain related to debt refinancing activities during the fifty-two weeks ended December 28, 2024 is inclusive of impacts of foreign exchange translation.

Finance costs were $0.3 million lower in the fourth quarter of 2024 and $17.7 million lower in the fifty-two weeks ended December 28, 2024, compared to the same periods last year. The decrease during the fifty-two weeks ended December 28, 2024 was due to the accounting gain recognized due to the refinancing of the term loan facility (see *Recent Developments* section of this MD&A), and lower interest expense on short-term and long-term borrowings due to lower interest rates and lower average short-term borrowings outstanding during 2024 compared to the same period last year.

INCOME TAXES

High Liner Foods' effective income tax rate for the year ended December 28, 2024 was 16.5% compared to 7.1% in 2023. In the fourth quarter of 2024, the effective tax rate was an expense of 24.7% compared to an expense of 9.4% in the fourth quarter of 2023. The higher effective tax rate for the year ended December 28, 2024 compared to the same period last year is due to implications of the Global Minimum Tax, which were offset from the income tax effects resulting from the Rubicon settlement. For the year ended December 28, 2024, the applicable statutory rates in Canada and the U.S. were 28.0% and 25.5%, respectively (December 30, 2023: 28.1% and 25.5%).

See Note 16 *"Income tax"* to the Consolidated Financial Statements for full information with respect to income taxes.

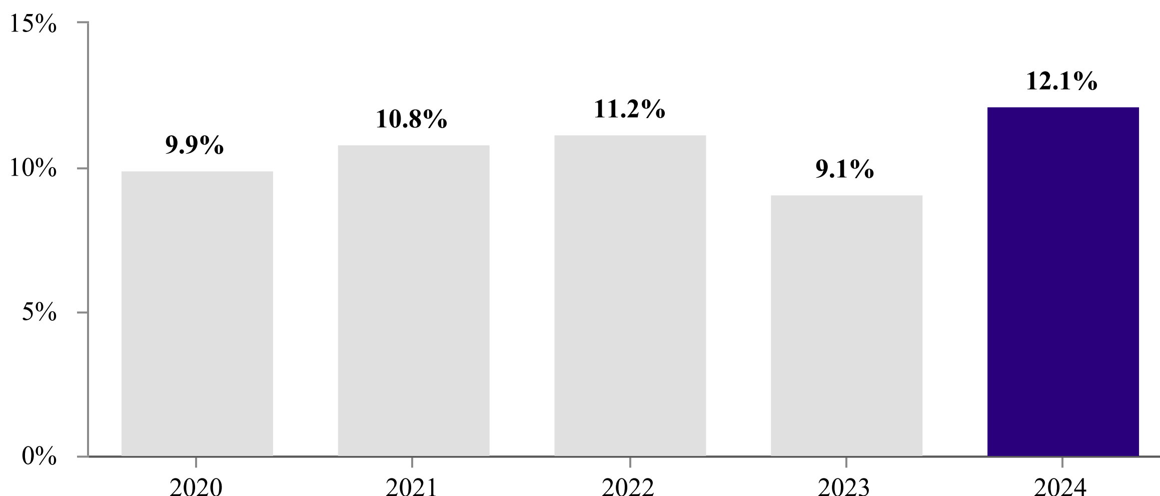
FINANCIAL OBJECTIVES

Our strategy is designed with the expectation of increasing shareholder value. To help us focus on meeting investor expectations, we use four key financial measures to gauge our financial performance:

	Fiscal 2024	**Fiscal 2023**
Return		
On assets managed	**12.1 %**	9.1 %
On equity	**11.6 %**	10.6 %
Profitability		
Adjusted EBITDA as a Percentage of Sales	**10.8 %**	8.8 %
Financial strength		
Net Debt to Rolling Twelve-Month Adjusted EBITDA (times)	**2.3x**	2.6x

Each of these financial measures is further discussed below. See also the *Non-IFRS Financial Measures* section starting on page 24 for further explanation of these measures.

Return on Assets Managed ("ROAM")

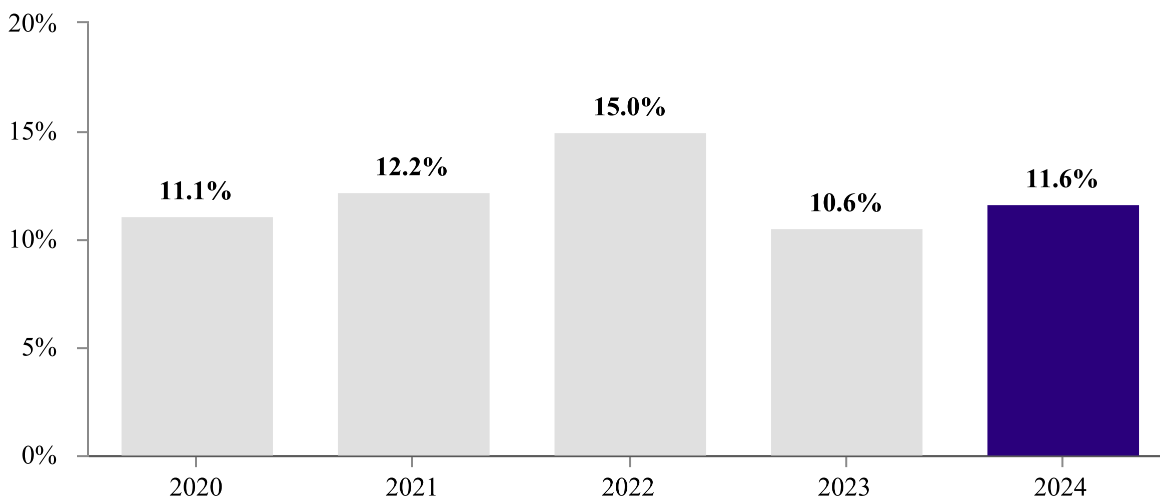


In 2024, Adjusted EBIT (as defined in the *Non-IFRS Financial Measures* section on page 24 of this MD&A) increased by $11.6 million, or 16.9%, compared to 2023 and the thirteen-month rolling average net assets managed decreased by $96.4 million, or 12.7%. The combined impact of these changes was an increase in ROAM from 9.1% at the end of Fiscal 2023 to 12.1% at the end of Fiscal 2024.

The increase in Adjusted EBIT in 2024 is a result of the same factors causing the $8.2 million increase in Adjusted EBITDA in 2024 compared to 2023, as discussed in the *Consolidated Performance* section on page 8 of this MD&A, and a decrease in depreciation & amortization expense of $3.4 million.

The decrease in the average net assets managed in 2024 compared to 2023 is primarily due to a decrease in average inventories, as the Company returned to normalized inventory levels in 2024 in comparison to heightened levels in the first half of 2023. Other fluctuations included a decrease in intangible assets and a decrease in accounts receivable, partially offset by an increase in property, plant and equipment and right of use asset balances and a decrease in accounts payable and accrued liabilities.

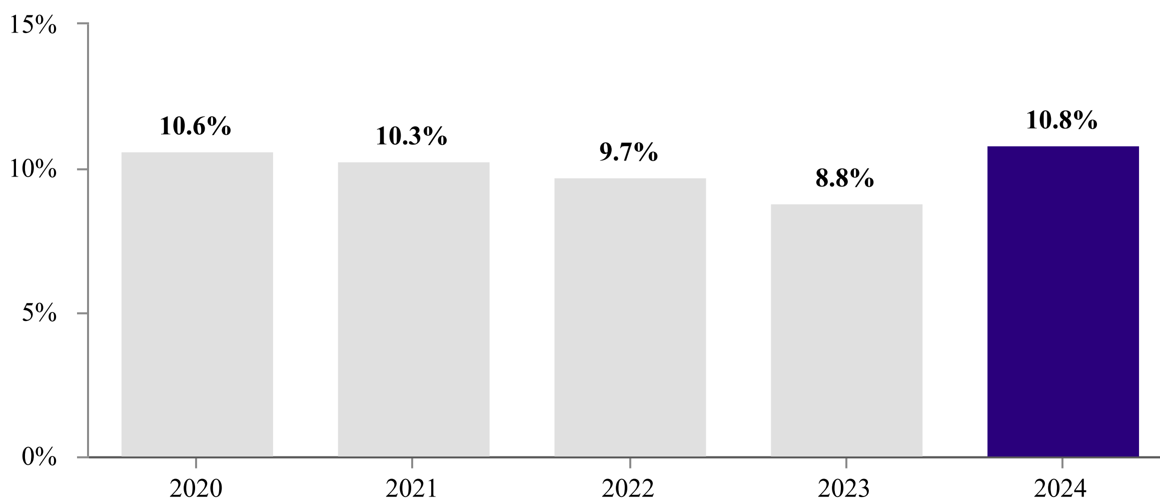
Return on Equity ("ROE")



In 2024, Adjusted Net Income (as defined in the *Non-IFRS Financial Measures* section on page 26 of this MD&A) less share-based compensation expense increased by $4.2 million, or 10.9%, compared to 2023, and the thirteen-month rolling average common equity increased by $3.2 million, or 0.9% due to higher retained earnings, partially offset by the decreased common share balance (as described in the *Recent Developments* and the *Liquidity and*

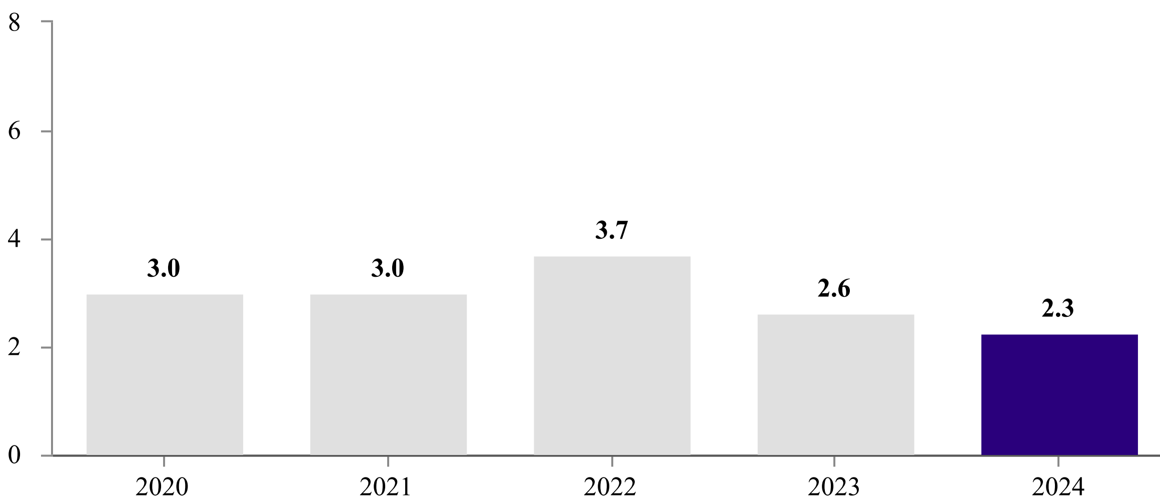
Capital Resources sections). The combined impact of these changes resulted in an increase in ROE from 10.6% at the end of Fiscal 2023 to 11.6% at the end of Fiscal 2024. The increase in Adjusted Net Income in 2024 compared to 2023 is discussed in the *Consolidated Performance* section on page 9 of this MD&A.

Adjusted EBITDA as a Percentage of Sales



In 2024, Adjusted EBITDA (as defined in the *Non-IFRS Financial Measures* section on page 24 of this MD&A) increased by $8.2 million, or 8.6%, compared to 2023 and sales decreased by $121.1 million, or 11.2%. The combined impact of these changes resulted in an increase in Adjusted EBITDA as a Percentage of Sales from 8.8% in 2023 compared to 10.8% in 2024 (see the *Non-IFRS Financial Measures* section on page 24 of this MD&A). The decrease in sales and increase in Adjusted EBITDA are discussed in the *Consolidated Performance* section on pages 7 and 8 of this MD&A, respectively.

Net Debt to Rolling Twelve-Month Adjusted EBITDA



During 2024, Net Debt (as defined in the *Non-IFRS Financial Measures* section on page 27 of this MD&A) decreased by $16.7 million and Adjusted EBITDA increased by $8.2 million. As a result, Net Debt to Rolling Twelve-Month Adjusted EBITDA improved to 2.3x at the end of 2024 as compared to 2.6x at the end of 2023 (see the *Non-IFRS Financial Measures* section on page 27 of this MD&A). The change in Net Debt is discussed on page 19 of this MD&A and the change in Adjusted EBITDA is discussed in the *Consolidated Performance* section on page 8 of this MD&A. In the absence of any major acquisitions or unplanned capital expenditures in 2025 we expect this ratio to continue to be lower than the Company's long-term target of 3.0x at the end of Fiscal 2025.

OUTLOOK

In 2025, High Liner Foods will remain focused on executing its profitable growth and innovation strategy while continuing to diversify its supply chain, as a means to reinforce its competitive positioning in a dynamic global seafood market.

The Company is confident that the business will again be resilient to market headwinds and that over the course of 2025, the Company will profitably grow volume and end the year with Adjusted EBITDA growth.

High Liner Foods continues to navigate challenging market conditions, including the potential inflationary impact of tariffs and related impact on consumer purchasing decisions. The Company also notes that the later timing of the Lenten period, a key sales period for the seafood industry, will impact year over year performance in the first quarter of 2025.

The Company anticipates that despite fluctuations in performance due to market volatility and geopolitical challenges, the Company will still deliver another year of strong free cash flow generation. High Liner Foods is well positioned, not only with the necessary balance sheet strength and financial flexibility, but importantly with a diversified global supply chain and partnerships that provide operational flexibility and the ability to deliver the solutions our customers need. The Company also will continue to pursue M&A opportunities as a part of its strategy to enhance near-term performance and achieve transformative growth and long-term value creation.

CONTINGENCIES

The Company has no material outstanding contingencies.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated statements of financial position are 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 section in this MD&A.

Our capital management practices are described in Note 24, *"Capital management"* in the 2024 Annual Consolidated Financial Statements.

Working Capital Credit Facility

The Company has a $200.0 million asset-based working capital credit facility (the "Facility"), with the Royal Bank of Canada as the Administrative and Collateral agent, which was amended on October 6, 2022, to increase the borrowing limit from $150.0 million to $200.0 million. Additionally, on April 28, 2022, the Facility was amended to extend the term expiry from April 2023 to April 2027. The amendment also included a necessary update from LIBOR to Secured Overnight Financing Rate ("SOFR") based loans.

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 December 28, 2024 are also noted in the following table:

Per Credit Agreement		As at December 28, 2024
Canadian Prime Rate revolving loans, Canadian Base Rate revolving and U.S. Prime Rate revolving loans, at their respective rates	plus 0.00% to 0.25%	plus 0.00%
Bankers' Acceptances ("BA") revolving loans, at BA rates	plus 1.25% to 1.50%	plus 1.25%
SOFR revolving loans at SOFR rates	plus 1.25% to 1.50%	plus 1.25%
Letters of credit, with fees of	1.25% to 1.50%	1.25%
Standby fees required to be paid on the unutilized facility of	0.25%	0.25%

Average short-term borrowings outstanding during 2024 were $3.1 million compared to $85.5 million in 2023. The $82.4 million decrease in average short-term borrowings is attributed to the ongoing reduction in working capital requirements, which peaked during the latter part of Fiscal 2022 and into the first quarter of 2023, which had been influenced by inflation's effect on raw materials and heightened investments in inventory required to mitigate global supply chain disruptions. Inventory levels have since stabilized from 2023 to 2024, leading to a corresponding decrease in overall short-term borrowings.

As at December 28, 2024, the Company had $169.1 million of unused borrowing availability (December 30, 2023: $181.4 million), taking into account the current borrowing base and letters of credit, which reduce the availability under the working capital facility. On December 28, 2024, letters of credit and standby letters of credit were outstanding in the amount of $6.5 million (December 30, 2023: $9.4 million) 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. Under the Company's term loan facility, it is subject to a first charge on brands, trade names and related intangibles. 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 10 *"Bank loans"* to the Consolidated Financial Statements.

In the absence of any major acquisitions, we expect average short-term borrowings in Fiscal 2025 to be comparable to Fiscal 2024, and we believe the asset-based working capital credit facility should be sufficient to fund all the Company's anticipated cash requirements.

Term Loan Facility

On July 31, 2024, the Company completed the early refinancing of its term loan facility. The term loan facility was refinanced from $300.0 million to $240.0 million with an extended term from October 2026 to July 2031, and the applicable interest rate for loans under the facility was decreased from SOFR plus 3.75% (0.75% SOFR floor) to SOFR plus 3.25% (0.50% SOFR floor).

Prior to the July 2024 refinancing, quarterly repayments of $1.9 million were required on the term loan as regularly scheduled repayments. Under the new refinanced term loan agreement, quarterly principal repayments of $1.5 million are required on the term loan as regularly scheduled repayments. On an annual basis, based on a leverage test, additional prepayments could be required of up to 50% of the previous year's defined excess cash flow ("mandatory prepayments"). Any mandatory and voluntary repayments after the refinancing are applied to future regularly scheduled principal repayments. During the fifty-two weeks ended December 28, 2024, regularly scheduled repayments of $5.3 million were made. There are regularly scheduled repayments of $7.5 million to be paid in the next 12 months. There are no mandatory prepayments to be paid in 2025 related to excess cash flows from 2024. Substantially all tangible and intangible assets (excluding working capital) of the Company are pledged as collateral for the term loan.

During the fifty-two weeks ended December 28, 2024, 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:					
July 7, 2023	July 7, 2025	3-month SOFR (floor 0.75%)	4.9076 %	*$*	*40.0*
January 6, 2023	July 6, 2026	3-month SOFR (floor 0.75%)	1.1500 %	*$*	*35.0*
January 6, 2023	July 8, 2024	3-month SOFR (floor 0.75%)	0.6840 %	*$*	*25.0*
December 30, 2022	December 31, 2025	3-month SOFR (floor 0.75%)	1.0910 %	*$*	*20.0*

As of December 28, 2024, the combined impact of the outstanding interest rate swaps listed above effectively fix the interest rate on $95.0 million of the $240.0 million face value of the term loan, while 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 SOFR is higher than the embedded floor of 0.50%.

Additional details regarding the Company's term loan are provided in Note 12, *"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 27 of this MD&A) is comprised of the working capital credit and term loan facilities (excluding deferred finance costs and modification gains/losses) and lease liabilities, less cash. Net Debt decreased by $16.7 million to $233.2 million at December 28, 2024, compared to $249.9 million at December 30, 2023, reflecting lower bank loans, long-term debt, lease liabilities, and a higher cash balance as at December 28, 2024, as compared to December 30, 2023.

Net Debt to Rolling Twelve-Month Adjusted EBITDA (see the *Non-IFRS Financial Measures* section on page 27 of this MD&A) improved to 2.3x at December 28, 2024, compared to 2.6x at December 30, 2023, and 3.7x at December 31, 2022. The ratio has continued to improve in 2024 due to lower net debt, as mentioned previously, and higher Rolling Twelve-Month Adjusted EBITDA compared to Fiscal 2023. In the absence of any major acquisitions or unplanned capital expenditures in 2025, we expect this ratio to continue to be lower than the Company's long-term target of 3.0x at the end of Fiscal 2025.

Capital Structure

At December 28, 2024, Net Debt was 36.6% of total capitalization compared to 39.5% at December 30, 2023.

(Amounts in $000s)		December 28, 2024		December 30, 2023
Net Debt	**$**	**233,206**	$	249,916
Shareholders' equity		**405,729**		385,856
Unrealized gains on derivative financial instruments included in AOCI		**(1,708)**		(2,514)
Total capitalization	**$**	**637,227**	$	633,258
Net Debt as a percentage of total capitalization		**36.6%**		39.5%

Using our December 28, 2024 market capitalization of $327.4 million, based on a share price of CAD$15.92 (USD$11.03 equivalent), instead of the book value of equity, Net Debt as a percentage of total capitalization increased to 41.6% (December 30, 2023: 45.8%).

Normal Course Issuer Bid ("NCIB")

In June 2024, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 700,000 common shares. The Company's ability to repurchase the common shares commenced on June 7, 2024 and will terminate no later than June 6, 2025. In November 2024, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares the Company can purchase by 943,340, to a total authorized limit of 1,643,340. During the fifty-two weeks ended December 28, 2024, the Company repurchased 732,182 common shares under this plan at an average price of $9.87 (CAD $13.60) per share for total cash consideration of $7.1 million (CAD $9.8 million). The excess of the purchase price over the book value of the shares in the amount of $5.7 million was charged to retained earnings.

In June 2023, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. The Company's ability to repurchase the common shares commenced on June 7, 2023 and terminated on June 6, 2024. In December 2023, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares the Company could purchase by 500,000. During the fifty-two weeks ended December 28, 2024, the Company purchased 246,700 common shares under this plan at an average price of $9.31 (CAD$12.64) per share for total cash consideration of $2.3 million (CAD$3.1 million). The excess of the purchase price over the book value of the shares in the amount of $1.7 million was charged to retained earnings. During the fifty-two weeks ended December 30, 2023, the Company purchased 413,200 common shares under this plan at an average price of $8.39 (CAD$11.37) per share for total cash consideration of $3.4 million (CAD$4.6 million). The excess of the purchase price over the book value of the shares in the amount of $2.3 million was charged to retained earnings.

The Company established an automatic securities purchase plan for the common shares of the Company for all the bids listed above with a termination date coinciding with the NCIB termination date. The preceding plan also constitutes an "automatic plan" for purposes of applicable Canadian Securities Legislation and has been approved by the TSX.

Dividends

In November 2024, the Company's Board of Directors approved a quarterly dividend of CAD $0.17 per common share, which represents a CAD $0.02 per share increase from the CAD$0.15 per share paid during the first three quarters of 2024, commencing with the Company's Q4, 2024 quarterly dividend. The increase reflects the Board's recognition of the Company's strong performance and continued confidence in the Company's operations. These dividends are considered "eligible dividends" for Canadian income tax purposes.

As shown in the following table, the quarterly dividend on the Company's common shares has changed two times during the last two fiscal years. The quarterly dividends paid in the last two years were as follows:

Dividend record date	Quarterly dividend (CAD)
December 1, 2024	$ 0.17
September 1, 2024	$ 0.15
June 1, 2024	$ 0.15
March 1, 2024	$ 0.15
December 1, 2023	$ 0.15
September 1, 2023	$ 0.13
June 1, 2023	$ 0.13
March 2, 2023	$ 0.13

Dividends and NCIBs are subject to restrictions as follows:

- Under the working capital credit facility, Average Adjusted Aggregate Availability, as defined in the credit agreement, must be $25.0 million or higher, and was $169.9 million on December 28, 2024, 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, annual dividends cannot exceed the greater of $32.5 million or 32.5% of EBITDA, as defined in the loan agreement. This amount can be increased to include any defined excess cash flows when the defined total leverage ratio is below 4.0x and becomes unlimited when the defined total leverage ration is below 3.0x. The defined total leverage ratio was 2.3x on December 28, 2024. NCIBs are subject to an annual limit of $10.0 million with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum under the term loan facility.

On February 26, 2025, the Directors approved a quarterly dividend of CAD$0.17 per share on the Company's common shares payable on March 15, 2025 to holders of record on March 5, 2025. These dividends are "eligible dividends" for Canadian income tax purposes.

Disclosure of Outstanding Share Data

On February 25, 2025, 29,573,152 common shares and 352,838 options were outstanding. The options are exercisable on a one-for-one basis for common shares of the Company.

Cash Flow

	Thirteen weeks ended			Fifty-two weeks ended		
(Amounts in $000s)	**December 28, 2024**	**December 30, 2023**	**Change**	**December 28, 2024**	**December 30, 2023**	**Change**
Net cash flows provided by operating activities	**$ 20,625**	$ 66,941	$ (46,316)	**$ 90,587**	$ 179,314	$ (88,727)
Net cash flows used in financing activities	**(5,971)**	(54,155)	48,184	**(40,664)**	(153,855)	113,191
Net cash flows used in investing activities	**(8,078)**	(5,939)	(2,139)	**(40,241)**	(18,801)	(21,440)
Foreign exchange (decrease) increase on cash	**(742)**	270	(1,012)	**(1,519)**	487	(2,006)
Net change in cash during the period	**$ 5,834**	$ 7,117	$ (1,283)	**$ 8,163**	$ 7,145	$ 1,018

Cash Flows from Operating Activities

Cash flows from operating activities were $88.7 million lower in 2024 compared to 2023. The decrease is driven by lower positive changes in non-cash working capital balances, specifically by a $1.6 million increase in inventories in 2024, compared to a $179.4 million decrease in the prior year. This is partially offset by higher net income, increased share-based compensation expenses, lower interest paid, and a decrease in depreciation and amortization expense.

Cash Flows from Financing Activities

Cash outflows from financing activities were $113.2 million lower in 2024 compared to 2023 mainly due a decrease in bank loans and lower repayments of long-term debt resulting from the refinancing of the Company's Term Loan B. These reductions were partially offset with higher deferred financing costs on the Term Loan B and an increase in cash outflows related to the repurchase of common shares.

Cash Flows from Investing Activities

Cash outflows from investing activities were $21.4 million higher in 2024 compared to the same period last year primarily due to the investments in Norcod AS and Andfjord in 2024, and higher capital expenditures (see the *Capital Expenditures* section on page 22 of this MD&A).

Standardized Free Cash Flow

Standardized Free Cash Flow (see the *Non-IFRS Financial Measures* section on page 27 for further explanation of Standardized Free Cash Flow) for the twelve months ended December 28, 2024 decreased by $93.5 million to an inflow of $66.8 million compared to an inflow of $160.3 million for the twelve months ended December 30, 2023. This decrease reflects lower positive changes in non-cash working capital balances and higher capital expenditures during the last twelve months. The decrease was partially offset by higher cash flows provided by operations, and lower cash outflows from interest and income taxes paid during the twelve months ended December 28, 2024 as compared to the twelve months ended December 30, 2023.

Net Non-Cash Working Capital

(Amounts in $000s)	December 28, 2024	December 30, 2023	Change
Accounts receivable	**$ 92,218**	$ 100,634	**$ (8,416)**
Inventories	**289,162**	295,624	**(6,462)**
Prepaid expenses	**4,550**	7,390	**(2,840)**
Accounts payable and accrued liabilities	**(149,895)**	(148,343)	**(1,552)**
Provisions	**(121)**	(154)	**33**
Net non-cash working capital	**$ 235,914**	$ 255,151	**$ (19,237)**

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 decreased by $19.3 million to $235.9 million at December 28, 2024, as compared to $255.2 million at December 30, 2023, primarily reflecting lower accounts receivable, inventories, prepaid expenses and higher accounts payable and accrued liabilities.

The Company's working capital requirements fluctuate during the year, usually peaking between December and March as our inventory is the highest at that time, as described in the *"Seasonality"* section on page 5 of this MD&A. Going forward we do expect the trend of inventory peaking between December and March to continue, and we believe we have sufficient availability on our working capital credit facility to finance our working capital requirements throughout 2025.

Capital Expenditures

Capital expenditures (including computer software) were $6.6 million and $23.8 million during the thirteen and fifty-two weeks ended December 28, 2024, respectively, as compared to capital expenditures of $5.9 million and $19.0 million during the thirteen and fifty-two weeks ended December 30, 2023, respectively. Capital expenditures in 2024 are higher than the prior year reflecting the Company's continued investment in the modernization of capital assets.

Excluding strategic initiatives that may arise, management expects that capital expenditures in 2025 will be between $20.0 million to $24.0 million, funded by cash generated from operations and short-term borrowings.

Other Liquidity Items

Share-Based Compensation Awards

Share-based compensation expense increased to $7.6 million in 2024 compared to $1.5 million in 2023 and is non-cash until unit holders exercise the awards. The change in share-based compensation is discussed on page 8 of this MD&A. Additional details regarding the Company's share-based compensation are provided in Note 15 *"Share-based compensation"* to the Consolidated Financial Statements.

During 2024, unit holders exercised Performance Share Units ("PSUs") and Restricted Share Units ("RSUs") and received cash in the amount of $1.1 million (2023: $5.5 million). The liability for share-based compensation awards at the end of Fiscal 2024 was $12.1 million compared to $6.6 million at the end of Fiscal 2023.

Any options exercised in shares are cash positive or cash neutral if the holder elects to use the cashless exercise method under the plan. Cash received from options exercised for shares during 2024 was $0.3 million (2023: $nil).

Defined Benefit Pension Plans

The Company's defined benefit pension plans can impact the Company's cash flow requirements and liquidity. In 2024, the defined benefit pension expense for accounting purposes was $1.0 million (2023: $1.1 million) and the annual cash contributions were $0.8 million lower than the 2023 accounting expense (2023: $0.3 million lower). For 2025, we expect cash contributions to be approximately $0.9 million (CAD$1.3 million) and the defined benefit pension expense to be approximately $0.4 million (CAD$0.5 million). We have more than adequate availability under our working capital credit facility to make the required future cash contributions to our defined benefit pension plans. As well, we have a SERP liability for accounting purposes of $4.9 million of which part of is secured by a letter of credit in the amount of $5.7 million.

Contractual Obligations

Contractual obligations relating to our bank loans, long-term debt, lease liabilities, and purchase obligations as at December 28, 2024 were as follows:

(Amounts in $000s)		Total		Less than 1 year		1–5 Years		Thereafter
Bank loans	**$**	**—**	$	—	$	—	$	—
Long-term debt		**343,749**		25,248		88,111		230,390
Lease liabilities		**12,361**		5,119		4,541		2,701
Purchase obligations		**143,377**		106,317		37,060		—
Total contractual obligations	**$**	**499,487**	$	136,684	$	129,712	$	233,091

Purchase obligations are for the purchase of seafood and other non-seafood inputs, including flour, paper products, and frying oils. For further details of *Procurement* and *Foreign Currency* risks, refer to the *Risk Factors* section starting on page 33 of this MD&A.

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 23 *"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 25 *"Financial risk management objectives and policies"* of the 2024 Consolidated Financial Statements for further discussion of the Company's financial risks and policies.

RELATED PARTY TRANSACTIONS

The Company's business is carried on through the Parent company, High Liner Foods Incorporated, and wholly owned operating subsidiary, High Liner Foods (USA) Incorporated. High Liner Foods (USA) Incorporated's wholly owned subsidiary is ISF (USA), LLC. These companies purchase and/or sell inventory between them, and do so in the normal course of operations. The companies lend and borrow money between them, and periodically, capital assets are transferred between companies. High Liner Foods Incorporated buys the majority of the seafood for all of the subsidiaries, and also provides management, procurement and information technology services to the subsidiaries. On consolidation, revenue, costs, gains or losses, and all intercompany balances are eliminated.

In addition to transactions between the Parent and subsidiaries, High Liner Foods may enter into certain transactions and agreements in the normal course of business with certain other related parties (see Note 21 *"Related party disclosures"* to the Consolidated Financial Statements). Transactions with these parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company had no related party transactions, excluding key management personnel compensation, for the fifty-two weeks ended December 28, 2024 and fifty-two weeks ended December 30, 2023.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS financial measures and ratios (together, "measures") in this MD&A: Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"); Adjusted EBITDA as a Percentage of Sales; Adjusted Net Income; Adjusted Diluted Earnings per Share ("Adjusted Diluted EPS"); Standardized Free Cash Flow; Net Debt; and Net Debt to Rolling Twelve-Month Adjusted EBITDA. The Company believes these non-IFRS financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below. These 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.

Adjusted EBITDA and Adjusted EBITDA as Percentage of Sales

Adjusted EBITDA is defined as 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, Adjusted EBITDA as a Percentage of Sales, is defined as Adjusted EBITDA divided by net 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 "Net income" on the consolidated statements of income. Adjusted EBITDA is also useful when comparing to other 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 Adjusted EBITDA with measures in our Consolidated Financial Statements and calculates Adjusted EBITDA as a Percentage of Sales.

(Amounts in $000s)		Thirteen weeks ended December 28, 2024		Thirteen weeks ended December 30, 2023
Net income	**$**	**5,928**	$	6,416
Add back (deduct):				
Depreciation and amortization expense		**5,814**		7,977
Finance costs		**5,484**		5,817
Income tax expense		**1,940**		666
Standardized EBITDA		**19,166**		20,876
Add back (deduct):				
Business acquisition, integration and other expenses (income)		**232**		410
Loss (gain) on disposal of assets		**407**		(67)
Share-based compensation expense		**3,977**		668
Adjusted EBITDA	**$**	**23,782**	$	21,887
Net Sales	**$**	**235,039**	$	237,126
Adjusted EBITDA as a Percentage of Sales		**10.1%**		**9.2%**

(Amounts in $000s)		Fifty-two weeks ended December 28, 2024		Fifty-two weeks ended December 30, 2023
Net income	**$**	**60,164**	$	31,677
Add back (deduct):				
Depreciation and amortization expense		**23,005**		26,373
Finance costs[(1)]		**8,516**		26,178
Income tax expense		**11,867**		2,434
Standardized EBITDA		**103,552**		86,662
Add back (deduct):				
Business acquisition, integration and other expenses (income)[(2)]		**(8,528)**		7,070
Loss (gain) on disposal of assets		**756**		(109)
Share-based compensation expense		**7,559**		1,469
Adjusted EBITDA	**$**	**103,339**	$	95,092
Net Sales	**$**	**959,218**	$	1,080,338
Adjusted EBITDA as a Percentage of Sales		**10.8%**		**8.8%**

[(1)] Finance Costs for the fifty-two weeks ended December 28, 2024 include a gain of $12.7 million on the modification of debt related to the debt refinancing completed in July 2024, as well as foreign exchange impacts on the modification (see the *Recent Developments* section on page 2 of this MD&A).

[(2)] The business acquisition, integration and other expenses (income) for the fifty-two weeks ended December 28, 2024 includes a gain of $9.8 million relating to the shares reacquired in result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. For the fifty-two weeks ended December 30, 2023 this amount includes legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn.

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 and calculates Adjusted Diluted EPS.

	Thirteen weeks ended December 28, 2024		Thirteen weeks ended December 30, 2023	
	$000s	Adjusted Diluted EPS	$000s	Adjusted Diluted EPS
Net income	**$ 5,928**	**$ 0.20**	$ 6,416	$ 0.20
Add back (deduct):				
Business acquisition, integration and other expenses (income)	**232**	**0.01**	410	0.01
Share-based compensation expense	**3,977**	**0.13**	668	0.03
Tax impact of reconciling items	**2,396**	**0.07**	(201)	(0.01)
Adjusted Net Income	**$ 12,533**	**$ 0.41**	$ 7,293	$ 0.23
Weighted average shares for the period (000s)		**30,339**		33,776

	Fifty-two weeks ended December 28, 2024		Fifty-two weeks ended December 30, 2023	
	$000s	Adjusted Diluted EPS	$000s	Adjusted Diluted EPS
Net income	**$ 60,164**	**$ 1.89**	$ 31,677	$ 0.93
Add back (deduct):				
Business acquisition, integration and other expenses (income) [(1)]	**(8,528)**	**(0.27)**	7,070	0.21
Share-based compensation expense	**7,559**	**0.24**	1,469	0.04
Modification gain on debt refinancing activities [(2)]	**(13,033)**	**(0.41)**	—	—
Tax impact of reconciling items	**1,799**	**0.06**	(1,536)	(0.04)
Adjusted Net Income	**$ 47,961**	**$ 1.51**	$ 38,680	$ 1.14
Weighted average shares for the period (000s)		**31,797**		33,934

[(1)] The business acquisition, integration and other expenses (income) for the fifty-two weeks ended December 28, 2024 includes a gain of $9.8 million relating to the shares reacquired in result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. For the fifty-two weeks ended December 30, 2023, this amount includes legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn.

[(2)] Modification gain on debt refinancing activities for the fifty-two weeks ended December 28, 2024 includes a gain of $12.7 million on the modification of debt related to the debt refinancing completed in July 2024 (see the *Recent Developments* section on page 2 of this MD&A), as well as foreign exchange impacts on the modification.

Standardized Free Cash Flow

Standardized Free Cash Flow is cash flow provided by 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 the 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 provided by 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 $000s)	**December 28, 2024**	**December 30, 2023**	**Change**
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes paid	**$ 101,212**	$ 88,706	**$ 12,506**
Net change in non-cash working capital balances	**12,007**	124,463	**(112,456)**
Interest paid	**(18,487)**	(24,902)	**6,415**
Income taxes paid	**(4,145)**	(8,953)	**4,808**
Cash flows provided by operating activities	**90,587**	179,314	**(88,727)**
Less:			
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets	**(23,805)**	(19,049)	**(4,756)**
Standardized Free Cash Flow	**$ 66,782**	$ 160,265	**$ (93,483)**

Net Debt and Net Debt to Rolling Twelve-Month Adjusted EBITDA

Net Debt is calculated as the sum of bank loans, long-term debt (excluding deferred finance costs and modification gains/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.

Net Debt to Rolling Twelve-Month Adjusted EBITDA is calculated as Net Debt divided by Rolling Twelve-Month Adjusted EBITDA. We consider Net Debt to Rolling Twelve-Month Adjusted EBITDA to be an important indicator of our ability to generate sufficient earnings to service our debt, that enhances understanding of our financial performance, and highlights operational trends. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies; however, the calculations of Adjusted EBITDA may not be comparable to those of other companies, which limits their usefulness as comparative measures.

The following table reconciles Net Debt to IFRS measures reported as at the end of the indicated periods in the consolidated statements of financial position and calculates Net Debt to Rolling Twelve-Month Adjusted EBITDA.

(Amounts in $000s)		**December 28, 2024**		**December 30, 2023**
Bank loans	**$**	**—**	$	2,559
Add-back: Deferred finance costs included in bank loans [(1)]		**—**		441
Total bank loans		**—**		3,000
Long-term debt		**211,312**		233,791
Current portion of long-term debt		**7,500**		5,625
Add-back: Deferred finance costs included in long-term debt [(2)]		**8,063**		3,607
Less: Net gain (loss) on modification of debt [(3)]		**11,625**		(393)
Total term loan debt		**238,500**		242,630
Long-term portion of lease liabilities		**5,799**		6,997
Current portion of lease liabilities		**4,370**		4,589
Total lease liabilities		**10,169**		11,586
Less: Cash		**(15,463)**		(7,300)
Net Debt	**$**	**233,206**	$	249,916
Rolling Twelve-Month Adjusted EBITDA	**$**	**103,339**		95,092
Net Debt to Rolling Twelve-Month Adjusted EBITDA		**2.3x**		2.6x

[(1)] Represents deferred finance costs that are included in "Bank loans" in the consolidated statements of financial position. See Note 10 to the Consolidated Financial Statements.
[(2)] Represents deferred finance costs that are included in "Long-term debt" in the consolidated statements of financial position. See Note 12 to the Consolidated Financial Statements.
[(3)] The net gain/loss on modification of debt has been excluded from the calculation of Net Debt as it does not represent the expected cash outflows from the term loan facility. See Note 12 to the Consolidated Financial Statements.

Return on Assets Managed

ROAM is Adjusted EBIT divided by average assets managed (calculated using the average net assets month-end balance for each of the preceding thirteen months, where "net assets managed" includes all assets, except for future employee benefits, deferred income taxes and other certain financial assets, less accounts payable and accrued liabilities, and provisions). Adjusted EBIT is Adjusted EBITDA less depreciation and amortization expense.

We believe investors and analysts use ROAM as an indicator of how efficiently the Company is using its assets to generate earnings.

The table below reconciles Adjusted EBIT to the non-IFRS measure, Adjusted EBITDA (see page 24 of this MD&A), and calculates ROAM using our average net assets, calculated on a rolling thirteen-month basis, and Adjusted EBIT.

(Amounts in $000s)	December 28, 2024	December 30, 2023
Adjusted EBITDA	**$ 103,339**	$ 95,092
Less:		
Depreciation and amortization expense	**23,005**	26,373
Adjusted EBIT	**$ 80,334**	$ 68,719
Thirteen-month rolling average net assets managed	**661,205**	757,639
ROAM	**12.1%**	9.1%

Return on Equity

ROE is calculated as Adjusted Net Income, less share-based compensation expense, divided by average common equity (calculated using the common equity month-end balance for each of the preceding thirteen months, comprised of common shares, contributed surplus, retained earnings, and accumulated other comprehensive income).

We believe investors and analysts use ROE as an indicator of how efficiently the Company is managing the equity provided by shareholders.

The table below calculates ROE using our average common equity calculated on a rolling thirteen-month basis, and Adjusted Net Income (see page 26 of this MD&A).

(Amounts in $000s)	December 28, 2024	December 30, 2023
Adjusted Net Income	**$ 47,961**	$ 38,680
Less:		
Share-based compensation expense	**7,559**	1,469
Tax impact of reconciling items	**(1,978)**	(1,005)
	42,380	38,216
Thirteen-month rolling average common equity	**364,650**	361,491
ROE	**11.6%**	10.6%

GOVERNANCE

Our 2024 Management Information Circular, to be filed in connection with our Annual General Meeting of Shareholders on May 13, 2025, includes full details of our governance structures and processes.

We maintain a set of disclosure controls and procedures ("DC&P") designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms.

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the design and effectiveness of our DC&P as of December 28, 2024. They have concluded that our current DC&P are designed to provide, and do operate to provide, reasonable assurance that: (a) information required to be disclosed by the Company in its annual filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods; and (b) material information

regarding the Company is accumulated and communicated to the Company's management, including its CEO and CFO, to allow timely decisions regarding required disclosure.

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, Internal Control over Financial Reporting ("ICFR"), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. Furthermore, our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the design and operation of ICFR at the fiscal year-end and have concluded that our current ICFR was effective at the fiscal year-end based on that evaluation.

There has been no change in the Company's ICFR during 2024 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

ACCOUNTING ESTIMATES AND STANDARDS

Critical Accounting Estimates

The preparation of the Company's Consolidated Financial Statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, 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. 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.

The most material estimates made by management include the following:

Impairment of non-financial assets

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

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

Future employee benefits

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

Income taxes

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

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

Fair value of financial instruments

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

Sales and marketing accruals

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

Accounting Standards

High Liner Foods reports its financial results using IFRS. Our detailed accounting policies are included in the Notes to the Consolidated Financial Statements.

As disclosed in Note 3 *"Accounting policies"* to the Consolidated Financial Statements for the period ended December 28, 2024, we adopted the following standards, interpretations and amendments to existing standards that were effective for annual periods beginning on January 1, 2024 and that the Company has adopted on December 31, 2023:

IAS 1, *Disclosure of Accounting Policies*

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company has adopted the amendments which had no impact to its Consolidated Financial Statements.

IAS 7 & IFRS 7, *Supplier Finance Arrangements*

In May 2023, the IASB issued the final amendments to IAS 7 and IFRS 7 which addresses the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively. The Company has adopted the amendments which had no impact to its Consolidated Financial Statements

IAS 12, *Income Taxes*

On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). IAS 12 was amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two legislation").

The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/ income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

On June 20, 2023, the Pillar Two legislation was enacted in Canada and is effective for the Company's fiscal year that commenced on December 31, 2023. The Company has applied the temporary exception during the current interim period. The Company will disclose known or reasonably estimable information that helps users of financial statements to understand the Company's exposure to Pillar Two income taxes in the Company's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Accounting pronouncements issued but not yet effective

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

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

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

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

IAS 21, *Lack of Exchangeability*

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

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

IFRS 18, *Presentation and Disclosure in Financial Statements*

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

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

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 and an investment in securities of the Company involves significant risks. Many of these risk factors are described below, including those the Company considers to be the most material. These risk factors, along with other risks and uncertainties not currently known to the Company or that the Company currently considers immaterial, could materially and adversely affect the Company's performance, operating results, ability to pay dividends or return capital to shareholders and the trading price of securities of the Company. In any such event, investors could lose all or part of their investment in the Company's securities.

The Company takes a strategic approach to risk management. 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. While risk management is part of the Company's transactional, operational and strategic decisions, as well as the Company's overall management approach, many of the risks are beyond the Company's control and therefore despite the Company's efforts to manage or mitigate its risk exposure, risk management does not guarantee that events or circumstances will not occur which could have a material adverse impact on the Company's financial condition and performance. Investors should carefully consider the risk factors set out below, along with the other information contained in this document and the Company's other public filings before making an investment decision.

Geopolitical Risk

Although the Company's operations are principally in North America, it sources seafood globally 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: international armed conflict and terrorism, including Russia's invasion of Ukraine and the terrorist attacks on civilian ships in the Red Sea; fluctuations in currency exchange rates; inflation rates; labour unrest; civil commotion and unrest; global pandemics and related regulatory and operating restrictions impacting supply chains; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political conditions and social unrest; changes in trade agreements, economic sanctions, import/export trade restrictions, tariffs and other trade barriers.

The global economy has been negatively impacted by Russia's invasion of Ukraine. In connection with this conflict, governments throughout the world, including Canada and the U.S., have imposed trade restrictions on certain products and financial and economic sanctions on certain industry sectors and parties in Russia, including the Executive Order in December 2023 issued by the U.S. government on certain species of seafood harvested in Russian waters. Although the Company has no direct operations in Russia or Ukraine, the global seafood supply chain does include a significant volume of whitefish, such as haddock, Pacific cod and pollock, that are sourced from Russian waters. While the Company continues to diversify its supply chain, some of the processed seafood purchased by the Company was made from seafood originally harvested in Russian waters, while remaining in compliance with the Executive Order and other appropriate regulatory and legal requirements in the various jurisdictions. This has however led to shortages in certain raw materials and increased costs for transportation, energy, and raw material due, in part, to the negative impact of the Russia-Ukraine conflict on the global economy. Further escalation of geopolitical tensions related to the conflict, including additional new sanction policies, increased trade barriers or restrictions on global trade, could result in, among other things, supply disruptions, higher input costs, cyberattacks, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain, and these impacts could be material. In addition, the effects of the ongoing conflict could heighten many of our known risks described in the *Risk Factors* section of this report.

Changes, if any, in trade agreements and/or policies, the imposition of sectoral and economic sanctions, or shifts in political and/or consumer attitude, could adversely and materially affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations including, but not limited to, trade restrictions, income taxes, foreign investment, and environmental legislation.

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. On February 1, 2025 an Executive Order was signed by the U.S. President enacting measures which would be effective February 4, 2025 and imposes an additional 10% tariff on all Chinese imports into the United States. The Executive Order also imposes an additional 25% tariff on Canadian imports into the United States, except for Canadian energy products, which would be subject to a 10% tariff. In response, the Canadian government announced that it would impose 25% tariffs on CAD$155 billion of goods from the U.S., with CAD$30 billion tariffs imposed on February 4, 2025, and the remaining CAD$125 billion duties imposed after a 21-day delay to allow Canadian businesses time to adapt. On February 3, 2025, it was announced that the tariffs between the U.S. and Canada would be delayed until March 1, 2025.

The Company’s business involves, among other things, (i) exporting its products to the United States from Canada for sale to customers and consumers, (ii) importing raw material from China into the United States and Canada, and (iii) importing commodities and other product inputs into Canada and the United States. As a result, the Company and its business may be negatively impacted in a number of different ways by the tariffs described above, including, but not limited to, increasing product costs, reducing profitability and decreasing the competitiveness of the Company’s products. There can be no assurance that the tariffs between the United States and Canada will not be further postponed or otherwise not implemented, nor can there be any assurance as to the existence, depth, extent and duration of any tariffs imposed by the United States and/or Canada. While the Company has taken steps to mitigate the impact of these risks, the Company’s business, financial condition, results of operation and performance could be materially and adversely impacted.

For additional information concerning the tariffs described above and their potential impact on the Company, refer to *Recent Developments* above.

Food Safety

At High Liner Foods, food safety is our top priority. Our brand equity and reputation are inextricably linked to the quality and safety of our food products. We must be vigilant in ensuring our products are safe and comply with all applicable laws and regulations. Customers expect consistently safe, quality products and their expectations are

unwavering regardless of the commodity or complexity of the supply chain. Consumers are increasingly better informed about conscientious food choices.

The Company's processing plants have all the required State, Provincial and/or Federal licenses to operate and are certified to the Global Food Safety Initiatives ("GFSI") and Safe Quality Foods ("SQF") standards, meaning our processing plants have passed a rigorous quality and food safety system audit that is internationally recognized and globally benchmarked. The GSFI certification enables the Company to supply our wide range of products to some of the industry's most discerning customers. This annual certification process helps drive improvement across the organization, critical for maintaining customer and consumer confidence.

In Canada, certain food businesses, including seafood-processing plants, are required to adopt a Preventive Control Plan ("PCP") under the Safe Food for Canadians Act and Regulations. These requirements cover the regulatory and safety aspects of food processing and importation in Canada and have been developed by the Canadian Food Inspection Agency ("CFIA") based on global best practices. This plan must also include a hazard analysis that describes how hazards will be controlled and/or eliminated. High Liner Foods' PCP and processing facilities are regularly inspected and audited by the CFIA and remain in good standing.

In the United States, the Company's plants produce product in accordance with standards set forth by the U.S. Food and Drug Administration's ("FDA") and the U.S. Department of Agriculture ("USDA"). The regulatory requirements for seafood processing (and importation) in the United States are very specific for fish and fishery products and all plants are required to operate with current seafood Hazard Analysis Critical Control Point ("HACCP") programs. Our plants are regularly inspected and audited by our regulatory partners in the U.S. and remain in good standing.

While High Liner Foods emphasizes adherence to various regulations and standards such as GFSI, SQF, PCP, HACCP, and FDA/USDA requirements, there is a risk of non-compliance with evolving regulations. Changes in regulations or failure to meet existing ones could lead to legal issues, fines, or market repercussions.

In addition, our suppliers' plants outside of North America must demonstrate compliance for imported products in accordance with the guidelines set forth in the FDA seafood HACCP regulation. All the Company's non-North American suppliers operate with HACCP approved plans and are required to adhere to newly strengthened FDA and Canadian CFIA importation requirements focusing on food safety and traceability. In addition, all purchases are subject to risk-based quality review and verification by the Company's food safety and quality professionals. We have strict specifications for suppliers of both raw material and finished goods to ensure that procured goods are of the same quality and consistency as products processed in our own plants. High Liner Foods has offices in Qingdao, China; Bangkok, Thailand; and Reykjavik, Iceland and employs full-time procurement and food safety and quality experts to oversee procurement activities around the world. This oversight includes production monitoring and finished product inspection at the source before shipment to North America. High Liner Foods acknowledges the complexity of its global supply chain, including suppliers outside North America. This complexity introduces risks related to maintaining consistent food safety standards across various regions, potential disruptions in the supply chain, or issues with supplier compliance.

In order to maintain compliance with the various and ever changing regulatory, industry and customer requirements and expectations, we employ a Food Safety and Quality Assurance team comprised of highly qualified, trained and experienced personnel including food scientists, quality technicians, quality and food safety auditors, and labelling and nutritional professionals. Despite having a dedicated Food Safety and Quality Assurance team and independent auditors, there is always a risk of operational failures or human error leading to food safety incidents. These incidents could harm consumer health, trigger product recalls, and incur significant costs for the Company. High Liner Foods has retained independent auditors to add an additional level of scrutiny to our food safety programs and has robust audit policies and processes that are consistently applied throughout the Company. We are continuously evaluating and updating our internal operating standards to keep pace with industry expectations and to support improved performance and greater success. However, the Company cannot assure that these operating standards, even when working effectively, will completely eliminate the risks related to food safety, which could have a

material adverse impact on the Company's financial condition and results of operations. The Company recognizes the increasing consumer demand for safe and high-quality food products. Failing to meet these expectations could result in damage to the brand reputation, loss of consumer trust, and decreased sales.

Product Liability and Recall

The Company is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. The Company actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance. However, the Company cannot assure that such controls and processes, even when working effectively, will completely eliminate the risks related to food safety. The Company could be required to recall certain of its products in the event of contamination or adverse test results or as precautionary measures. There is also a risk that not all the product subject to the recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. Any product contamination could subject the Company to product liability claims, adverse publicity, reduced brand equity, and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales. Many of these costs and losses are not covered by insurance. Any of these events could have a material adverse impact on the Company's financial condition and results of operations.

Procurement and Availability of Seafood

Our business depends upon the procurement of frozen raw seafood materials and finished goods on world markets. In 2024, the Company purchased approximately 163.6 million pounds of seafood, with an approximate value of $481.6 million. Seafood markets are global with values expressed in USD. In 2024, we bought approximately 24 species of seafood from 20 countries around the world. There are no formal hedging mechanisms in the seafood market. Prices can fluctuate due to changes in the balance between supply and demand over which the Company has little or no control. Factors such as quota changes, governmental regulations, disease, geopolitical issues, including economic sanctions, tariffs, trade barriers and those other factors discussed under "Geopolitical Risk" above, weather, climate change and other environmental impacts in key fisheries can all affect supply and pricing.

Historically, North American markets have consumed less seafood per capita than certain Asian and European markets. If increased global seafood demand results in materially higher prices, North American consumers may be less likely to consume amounts historically consistent with their share of the global seafood market, which may adversely affect the financial results of High Liner Foods due to its North American focus.

The Company expects demand for seafood to grow from current levels as the global economy, and particularly the emerging market countries including Brazil, Russia, India, and China ("BRIC") and Southeast Asian economies, improve. In general, with the exception of Atlantic Cod, as well as both Alaskan Pacific Cod and Haddock, in which the quotas were recently reduced jointly by the Russian-Norwegian Fisheries Commissions, we expect the supply of wild-caught seafood in our core species to be stable over the long term. We anticipate new seafood demand will be supplied primarily from aquaculture. Currently, four of the top seven species consumed in North America (shrimp, salmon, tilapia and pangasius) are partly or totally supplied by aquaculture and approximately 38% of the Company's procurement, by value, are aquaculture products. To the extent there are unexpected declines in our core products of wild-caught seafood, or aquaculture is unable to supply future demand, prices may increase materially, which may have a negative impact on the Company's results. Changes in the relative values of currency can change the demand from a particular country whose currency has risen or fallen as compared to the U.S. dollar. The increasing middle class and government policies in emerging economies, as well as demand from health-conscious consumers, can affect demand as well.

Our broad product line and customer base, along with geographically diverse procurement operations, help us mitigate changes in the cost of our raw materials. We purchase frozen raw material and finished goods originating from many different areas of the world and ensure, to the extent possible, that our supplier base is diverse to ensure no over-reliance on any source. Our strategy is to always have at least two suppliers of seafood products, where possible. In addition, product formulation changes, long-term relationships with suppliers, traceability of sourcing, and price changes to customers are all important factors in our ability to manage supply of necessary products. Notwithstanding any of these mitigation efforts however, the Company does not control the supply or pricing of the raw material and therefore may be materially adversely affected in the event that these strategies are not successful.

High Liner Foods requires its third-party suppliers to comply with its supplier code of conduct ("SCOC"), which is designed to prevent raw materials and finished goods in the Company's supply chain from being produced under inhumane or exploitive conditions. The SCOC addresses several issues, including work hours and compensation, health and safety, and abuse and discrimination. In addition, the Company requires that third party suppliers comply with all applicable laws and regulations, including consumer and product safety laws. The Company has the right, both directly and using outside auditors, to monitor and audit compliance by its third-party suppliers with the SCOC and other requirements. Notwithstanding these requirements and the Company's processes for assessing compliance with them, there remains the risk that one or more of the Company’s third-party suppliers will not comply with High Liner Foods' requirements and that High Liner Foods will not immediately discover such non-compliance. Any failure of the Company’s third-party suppliers to comply with labour, consumer, food safety or other applicable requirements could result in damage to the Company's reputation, harm sales of its products and potentially create liability for High Liner Foods and its business, financial condition and performance could be materially and adversely impacted.

The Company is currently not vertically integrated and is reliant on third party relationships in the procurement of its raw materials. In the event of any loss or disruption of these relationships, supply shortages of certain seafood, or trade barriers to acquiring seafood as a result of economic sanctions or otherwise, result in difficulty procuring species, the financial results of High Liner Foods may be adversely affected.

There can be no assurance that disruptions in supply will not occur, nor can there be any assurance that all or part of any increased costs experienced by the Company from time to time can be passed along to consumers of the Company's products directly or in a timely manner.

Seafood Production from Asia

Many seafood companies, including High Liner Foods, divert production of certain primary produced products to Asia, and China, in particular. Asian processing plants are able to produce many high-quality seafood products at a lower cost than is possible in North America and in other countries. These plants are also able to achieve a better yield on raw material due to the use of more manual processes. We work closely with selected Asian suppliers and have made it possible for these suppliers to meet our exacting quality and manufacturing standards. By diversifying our supply chain, we have access to the variety and volume of seafood products, including a significant amount of wild-caught product from the Atlantic and Pacific Oceans, that we need to fulfil our brand strategy, while continuing to require seafood suppliers to adhere to the Company's SCOC. These suppliers are central to our supply chain operating efficiently, and thus, any adverse changes in the operations of such suppliers, including the effects of a pandemic or any other serious health concern, the effects of the Russian/Ukraine war or any other geopolitical risks (refer to *"Geopolitical Risk"* above for further details), or our commercial relationships with such suppliers, may adversely affect the Company's results. To mitigate the risk of supply disruptions to the business resulting from trade challenges, the impact of global pandemics, freight delays or other issues, the Company has been shifting a portion of its seafood production in China to other countries, primarily in South East Asia (Vietnam, Indonesia and Thailand). However, the Company may not be able to develop alternate sourcing quickly enough to offset any supply disruptions that may occur elsewhere, which may adversely affect the Company's results.

Competition Risk

The markets and industries in which the Company operates are highly competitive. High Liner Foods competes with a number of food manufacturers and distributors and its competition varies by distribution method, product category (including other competing proteins) and geographic market. High Liner Foods' industry has low barriers to entry and therefore the Company may also be subject to competition with new entrants. Competition is based on factors such as product availability, product quality and taste, price, brand recognition, product variety, product packaging and design, shelf space, reputation, nutritional and other claims, effective promotions, and the ability to target changing consumer preferences. The Company may experience price pressure as a result of, among other things, competitors' promotional and pricing efforts and strategies to increase market share. Competitive pressures from new and existing competitors could result in reduced sales, margins, profits, and market share, all of which could have a material adverse effect on the Company's financial condition and results of operations.

The Company's ability to increase revenue and execute its business strategy depends in part on its ability to cost-effectively attract new customers and consumers and retain existing customers and consumers. If the Company is unable to do this, its business, financial condition and operating results may be materially adversely affected. Further, if customers or consumers do not perceive the Company's product offerings to be of sufficient value and quality, or if it fails to offer new and relevant product offerings, it may not be able to attract or retain customers or engage existing customers so that they continue to purchase products. There is no guarantee that any investment that the Company makes in marketing, advertising, and innovation will be successful in attracting or retaining market share or that it will deliver the anticipated long-term financial benefits underpinning growth targets.

Some of High Liner Foods' competitors have greater financial and other resources and/or may have access to labour or products that are not available to High Liner Foods. High Liner Foods' competitors may be able to better withstand market volatility. In some instances, this could force the Company to lower prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices. In addition, some competitors may be more innovative, have more resources and/or be able to bring new products to market faster. This could put the Company at a disadvantage in keeping up with the pace of innovation and ability to introduce new products that appeal to evolving consumer trends. There can be no assurance that High Liner Foods' principal competitors will not be successful in capturing, or that new competitors will not emerge and capture, a share of the Company's present or potential customer base and/or market share.

In addition, High Liner Foods and its financial results may be significantly adversely affected if High Liner Foods' suppliers become competitors, if its customers decide to source their own food products, or if one or more of High Liner Foods' competitors were to merge with another of its competitors. Competitors may also establish or strengthen relationships with parties with whom High Liner Foods has relationships, thereby limiting its ability to sell certain products. Disruptions in High Liner Foods' business caused by such events could have a material adverse effect on its results of operations and financial condition.

Information Technology and Cybersecurity Risk

High Liner Foods relies extensively on various information technology systems, network infrastructure and software applications across its operations to manage many aspects of the business, including product development, management of its supply chain, sale and delivery of its products, financial reporting, collection and storage of data, and various other processes and transactions. If the Company does not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure and systems, it could be subject to transaction errors, processing and manufacturing inefficiencies, loss of customers, business disruptions, loss of or damage to its intellectual property through security breach and limitations on its ability to execute on its strategy and growth objectives. Some of these systems are managed and under the control of third-party service providers. The Company relies on such third parties to provide services on a timely and effective basis, but the Company ultimately does not control their performance. The Company is critically dependent on the integrity, security and consistent operations of these systems and related back-up systems. In addition, the Company's customers, distributors, suppliers, and other external business partners utilize their own information technology systems that are subject to similar risks to High Liner Foods as described above. Their failure to perform as expected or as required by contract, or a cyber-

attack on them that disrupts their systems, could result in significant disruptions and costs to the Company's operations or, in the case of third- party service providers, a penetration of the Company's systems. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, malware and other security breaches, catastrophic events such as hurricanes, fires, floods, earthquakes, tornadoes, acts of war or terrorism and usage errors by employees or partners. The efficient operation and successful growth of High Liner Foods' business depends on these information systems, including its ability to operate them effectively and to select and implement appropriate upgrades or new technologies and systems and adequate disaster recovery systems successfully. The failure of the information systems design, to perform as designed or the Company's failure to implement and operate them effectively could disrupt the Company’s business, require significant capital investments to remediate a problem or subject the Company to liability and could have a material adverse effect on its business, financial condition, and performance.

The Company maintains significant amounts of data electronically, primarily in its North American operations. This data relates to all aspects of the Company’s business and contains certain third party data, including customer, employee and supplier data. The Company maintains systems and processes designed to protect this data, but notwithstanding such protective measures, there is a risk of intrusion or tampering that could compromise the integrity and privacy of this data. Cyberattacks are increasing in their frequency, sophistication, and intensity, and are becoming increasingly difficult to detect. The risk in terms of frequency and severity of cyberattacks may increase as artificial intelligence becomes more widespread. They are often carried out by motivated, well-resourced, skilled, and persistent actors, including nation states, organized crime groups, “hacktivists” and employees or contractors acting with malicious intent. Cyberattacks could include the deployment of harmful malware and key loggers, ransomware, a denial of-service attack, a malicious website, the use of social engineering and other means to affect the confidentiality, integrity and availability of the Company’s technology systems and data. Cyberattacks could also include supply chain attacks, which could cause a delay in the manufacturing or delivery of the Company’s products. In addition, High Liner Foods provides confidential and proprietary information to certain of its third-party business partners in certain cases where doing so is necessary to conduct the Company’s business. While the Company typically obtains assurances from those parties that they have systems and processes in place to protect such data, and where applicable, that they will take steps to assure the protections of such data by third parties, nonetheless those partners may also be subject to data intrusion or otherwise compromise the protection of such data. While High Liner Foods and its third-party business partners maintain systems for preventing and detecting a breach of their respective information technology systems, High Liner Foods and those third parties may be unaware that a breach has occurred, may be unable to detect an ongoing breach or may be delayed in detecting a breach. The Company has exposure to similar security risks faced by other large companies that have data stored on their information technology systems. If High Liner Foods' or any third-party service providers’ systems fail to operate effectively or are damaged, destroyed, or shut down, or there are problems with transitioning to upgraded or replacement systems, or there are security breaches in these systems, any of the aforementioned could occur as a result of natural disasters, software or equipment failures, telecommunications failures, loss or theft of equipment, acts of terrorism, circumvention of security systems, or other cyber-attacks, the Company could experience delays or decreases in sales, and reduced efficiency of its operations. Any compromise of the confidential data of High Liner Foods' customers or itself, or failure to prevent or mitigate the loss of this data could disrupt the Company's operations, damage its reputation, violate applicable laws and regulations, and subject the Company to additional costs and liabilities and have a material and adverse impact on its business, financial condition and performance.

Consumer Trends

The success of the Company depends in part on the Company's ability to respond to market trends and macro-economic factors and develop innovative products that anticipate and respond to the changing tastes, dietary habits and purchasing power of consumers. From time to time, certain products are deemed more or less healthy and/or costly and this can impact consumer buying patterns. The Company's failure to anticipate, identify, or react to these changes or to innovate could result in declining demand and prices for the Company's products, which in turn could have a material adverse effect on the Company's financial condition and results of operations.

Environmental Regulation Risk

High Liner Foods' business and operations are subject to environmental laws and regulations, including those relating to permitting requirements, wastewater discharges, air emissions (greenhouse gases and other), releases of hazardous substances and remediation of contaminated sites. The Company believes that its operations are in compliance, in all material respects, with environmental laws and regulations, however, failure to comply could have serious consequences, such as criminal as well as civil penalties, liability for damages, and negative publicity for the Company. Compliance with these environmental laws and regulations requires that the Company continue to incur operating and maintenance costs and capital expenditures, including to control potential impacts of its operations on local communities. Future events such as changes in environmental laws and regulations, or more vigorous regulatory enforcement policies could have a material adverse effect on the Company's financial position and could require additional expenditures to achieve or maintain compliance.

Climate Change and Sustainability

The effects of global climate change create financial, operational, and reputational risks to the Company's business, both directly and indirectly. There is a consensus that greenhouse gas ("GHG") emissions are linked to global climate change, and that these emissions must be reduced dramatically to avert the worst effects of climate change. The Company's operations may be vulnerable to the adverse effects of climate change, which are predicted to increase ocean temperatures and levels and the frequency and severity of weather events and other natural cycles such as wildfires, heatwaves, floods, and droughts. The effects of climate change may cause disruptions in High Liner Foods' operations, including its supply chain and the productivity of its third-party customers and suppliers, increase the Company's production costs, impose capacity restraints and interruptions to distribution of products, and impact the types of products that consumers purchase, all of which may cause High Liner Foods to suffer losses and additional costs to maintain or resume operations. The Company may be subject to decreased availability or less favorable pricing for certain raw materials or other product inputs that are necessary for the Company's products. In addition, the Company may incur capital expenditures, compliance costs, and other costs to comply with increasingly stringent environmental laws, enforcement policies and regulatory reporting requirements. In addition, as costs and taxes are imposed on fossil fuels, which are the inputs for fuel for shipping, for example, the cost of production will increase, which could result in increased expenses to High Liner Foods, which may not be offset by increased prices, if such increases cannot be passed on to customers and consumers.

Various seafood species and non-seafood products are vulnerable to adverse climatic and weather conditions and natural disasters, including warming and rising oceans, windstorms, hurricanes, floods, droughts, fires, temperature extremes and earthquakes, some of which are common but difficult to predict. Severe weather conditions may occur with higher frequency or may be less predictable in the future due to climate change. Such adverse weather conditions could impact both the availability and the quality of seafood and non-seafood products procured by the Company and prevent or impair the Company's ability to procure and sell products as planned. These factors can increase cost, decrease our sales, and lead to additional expenditures, which may have a material adverse effect on the Company's business, financial condition and results from operations.

A variety of stakeholders, including regulators, investors, advisory firms, rating agencies, and customers, are establishing laws, regulations, expectations, reporting obligations and/or assessments reflecting their expectations for corporate practices related to climate change and other sustainability matters. High Liner Foods completed and published its first greenhouse gas (GHG) inventory for Scope 1 and Scope 2 emissions in 2022. The Company also committed to a goal of reducing Scope 1 and Scope 2 emissions 30% by 2030. High Liner Foods is also committed to cutting food waste intensity 50% by 2030, a target established in 2019 in alignment with the United Nations'10x30x30 challenge and strives to procure 100% "Responsibly Sourced" (as described in more detail in the Company's most recent Annual Information Form) seafood. The Company has plans in place to achieve such goals and monitors its progress towards such goals. However, such goals are based on management's current assumptions related to scientific or technological developments, carbon markets, goals and statements of third party utility providers, the workforce and hiring market, and other matters that are subject to change in the future, as well as standards for measuring progress that are still in development, and subject to a number of significant risks and uncertainties. It is possible that the Company's practices, processes and facilities will require significant

modifications in order to achieve. Additionally, it is possible that the changes necessary to reduce emissions will not be feasible or that the costs will be material. High Liner Foods' efforts to be responsive to climate change, to reduce its carbon footprint, and regarding other sustainability matters cannot provide assurance that it will successfully achieve its sustainability goals, that related costs may not be higher than expected, that proposed regulation or deregulation related to climate change and other environmental, social and governance (ESG) matters will not be more aggressive than the Company's measures and result in higher costs (or require additional resources), or that any investments High Liner Foods makes in furtherance of achieving such goals will meet expectations or any applicable binding or non-binding legal standards, any one of which could have an adverse effect on the Company's financial condition, results of operations, or reputation.

The Company's failure, or perceived failure, to achieve its goals regarding climate change or other sustainability or ESG matters could damage its reputation, causing investors, consumers, and other stakeholders to lose confidence in High Liner Foods and its brands, and negatively impact the Company's operations. Climate-related litigation has increased in recent years, including claims involving the failure of organizations to mitigate their impacts on climate change, the failure of organizations to adapt to climate change, and the insufficiency of disclosure around material financial risks or inaccuracy of climate-related disclosure. Additionally, as consumers and customers continue to put an increased priority on purchasing products that are sustainably sourced, processed and packaged, the Company may need to incur increased costs in order to effectively procure raw materials and other product inputs that are more sustainable, as well as increased costs for additional transparency, due diligence, and reporting. If High Liner Foods' ESG and sustainability practices do not meet, or are not viewed as meeting, investor or other stakeholder expectations and standards (which are continually evolving and may emphasize different priorities than the ones High Liner Foods chooses to focus on), or if High Liner Foods does not or appears not to achieve its ESG and sustainability goals, then the Company's brands, reputation, and employee retention may be negatively impacted. Furthermore, if regulators disagree with the Company's ESG and sustainability disclosures, for example because they believe them to be incomplete or misleading, the Company may face regulatory enforcement action, and its business or reputation could be adversely affected. There is also a risk that a significant reorientation in the market following the implementation of measures relating to ESG and sustainability disclosure requirements could be adverse to the Company's business if the Company is perceived to be presenting a product or business as having green or sustainable characteristics where this is not, in fact, the case (i.e., "greenwashing"). Additionally, compliance with any new regulations or laws generally increases the Company's regulatory burden and could make compliance more difficult and expensive, thereby adversely impacting the Company's financial position.

Business Continuity Risk

The Company faces inherent risks to our business continuity, including but not limited to disruptions caused by catastrophic events or natural disasters (including as a result of climate change), cyberattacks, geopolitical risks instability and regulatory changes (all of which are discussed in more detail elsewhere in this "Risk Factors" section). These disruptions could result in operational downtime, supply chain interruptions, loss of data, and damage to our reputation. While management has implemented business continuity plans and regularly tests the response procedures, there remains a possibility of unforeseen events impacting our operations and financial performance. The Company's ability to effectively manage and mitigate these risks, which there can be no assurance of, is critical to maintaining operational resilience and ensuring long-term shareholder value.

Legal Matters

In the normal course of its operations, the Company becomes involved in various legal and regulatory actions relating to its commercial activities and relationships, construction activities, employment matters, product recalls and other product liabilities, environmental liabilities, and other matters. Since outcomes of regulatory investigations, litigation and arbitration disputes are inherently difficult to predict, there is the risk that an unfavourable outcome in any of these matters could negatively affect the Company's business, financial condition and performance. Even if the Company is not found liable for these claims, the cost of defending these actions may be material and significantly divert the attention of its management.

The Company maintains typical insurance coverages for a company of its size and nature. As a result, insurance coverage may be available for some claims. However, in some circumstances, legal claims may not be covered by insurance or the insurance coverage may not be sufficient to cover the claimed losses. Further, even if an action is settled within insurance limits, this can result in increases to the Company's insurance premiums or adversely affect its ability to secure insurance coverage.

Legal liability risks may also increase depending on the jurisdiction. For example, the United States tends to be a more litigious environment and more unpredictable in terms of damages awards compared to Canada. As the Company looks to expand its sales in the United States, it may be exposed to increased litigation risk. Further, there is an increasing trend for customers to try to impose broad contractual indemnification obligations on suppliers like the Company. The Company seeks to mitigate this risk by negotiating more reasonable contractual terms, including limitations on liability. However, it is not always successful in negotiating such commercially reasonable terms, in which case it is faced with a decision to accept the increased liability exposure or to lose the business, either of which could materially adversely affect the Company's financial condition and results of operations.

Growth (Other than by Acquisition)

A key component of High Liner Foods' growth strategy is organic or internal growth by delivering profitable and sustainable revenue growth through the sale of existing higher margin products, optimizing our production and product portfolio, including by eliminating under-performing products, expanding into new channels and species and attracting new customers, introducing new products, including higher margin products, building strategic partnerships, including through consumer and customer insights, and investing in continuous improvement in our plants and our organization to improve efficiencies and simplify the business.

There can be no assurance that the Company will be successful in growing its business or in managing its growth in a manner consistent with this strategy. Furthermore, successful expansion may place a significant strain on key personnel of High Liner Foods, from a retention perspective, as well as on its operations, financial and other resources. The Company's ability to manage growth will also depend in part on its ability to continue to grow and enhance its information systems in a timely fashion and manage succession planning for personnel across the organization to support such growth. Any inability to properly manage growth could result in cancellation of customer orders, as well as increased operating costs, and correspondingly, could have an adverse effect on High Liner Foods' financial results.

Acquisition and Integration Risk

A component of the Company's strategy is to pursue acquisition and investment opportunities to support sales and earnings growth and further species diversification in addition to other anticipated strategic benefits. While management intends to be careful in selecting businesses to acquire, acquisitions inherently involve a number of risks, including, but not limited to, the possibility that the Company pays more than the acquired assets are worth; the additional expense associated with completing an acquisition; the potential loss of customers of the particular business; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption to the Company's ongoing business and the distraction of management from the Company's day-to-day operations; the inability to incorporate acquired businesses successfully into the Company's existing operations; inaccurate estimates of the rate of return on acquisitions or investments; inaccurate estimates of fair value made in the accounting for acquisitions and amortization of acquired intangible assets, which could reduce future reported earnings; indemnities and potential disputes with the buyers or sellers; and the potential impairment of relationships with the Company's employees, suppliers and customers. If any one or more of such risks materialize, they could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

In addition, the Company may not be able to maintain the levels of operating efficiency that the acquired company had achieved or might have achieved had it not been acquired by the Company. Successful integration of the acquired company's operations often depends upon the Company's ability to manage those operations and to

eliminate redundant and excess costs. As a result of difficulties associated with combining operations, the Company may not be able to achieve the cost savings and other benefits that it expected to achieve with the acquisition. Any difficulties in this process could disrupt the Company's ongoing business, distract its management, result in the loss of key personnel or customers, increase its expenses and otherwise materially adversely affect the Company's business, financial condition, liquidity and operating results. Further, inherent in any acquisition, there is risk of liabilities and contingencies that the Company may not discover in its due diligence prior to the consummation of a particular acquisition, and the Company may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any acquisition could also have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

High Liner Foods has and may in the future make minority investments in other companies at various stages of operations, including earlier stage businesses in different parts of the seafood value chain. There can be no assurance that the operations of these companies will be commercially successful, which could result in a loss of all or a substantial part of the Company's investment in these companies. The Company expects that its minority investments will complement its strategy in various ways, however, there are no assurances that will prove to be correct in any material respect. The Company may not realize the expected returns or anticipated benefits from its minority investments to the degree anticipated.

Additionally, the Company will require capital in order to finance any such acquisitions and investments and there can be no assurances that the Company will be able to obtain any such capital at acceptable costs or at all.

Employment Matters

The Company and its subsidiaries have approximately 1,200 full-time and part-time employees, which include salaried and union employees, some of whom are covered by collective agreements. These employees are located in various jurisdictions, each such jurisdiction having differing employment laws. While the Company maintains systems and procedures to comply with the applicable requirements, there is a risk that failures or lapses by individual managers could result in a violation or cause of action that could have a material adverse effect on the Company's financial condition and results of operations. Furthermore, if a collective agreement covering a significant number of employees or involving certain key employees were to expire or otherwise cease to have effect leading to a work stoppage, there can be no assurance that such work stoppage would not have a material adverse effect on the Company's financial condition and results of operations. The Company's success is also dependent on its ability to recruit and retain qualified personnel which can be costly and highly competitive. The loss of one or more key personnel or the failure to retain, hire, train and integrate qualified personnel could limit the ability of the Company to execute on its strategic growth plans and otherwise have a material adverse effect on the Company's financial condition and results of operations. The Company's operations are also subject to health and safety risks, as well as laws and regulations in this regard. The Company takes the safety of employees very seriously and maintains various processes and systems to mitigate these concerns, including a quarterly review by the Company's Board of Director's Human Resources Committee of the Company's health and safety performance. Notwithstanding the Company's existing health and safety processes and systems, serious injury or death of an employee could have a significant adverse impact on High Liner Foods' reputation and result in work stoppages, litigation and incurring additional costs, or otherwise negatively impact High Liner Foods and its business and operations any of which may be significant.

Credit Risk

The Company grants credit to its customers in the normal course of business. Credit valuations are performed on a regular basis and the financial statements take into account an allowance for expected credit losses. Despite regular credit valuations and the allowance for expected credit losses, there is still inherent risk associated with extending credit to customers. Economic downturns, industry-specific challenges, or individual customer financial instability could lead to higher-than-expected credit losses. The Company continues to insure its accounts receivable risk. Although impairment losses related to receivables have been historically insignificant, past performance may not be indicative of future outcomes. Changes in market conditions, customer financial health, or sophisticated

impersonations of creditworthy companies could lead to unexpected impairment losses in the future. There is always a risk of unforeseen events impacting customer financial stability. Changes in industry dynamics, regulatory changes, interest rates, inflation, currency fluctuations or unforeseen events could impact customer payment behavior and lead to customer defaults and material losses for the Company.

Customer Consolidation and Concentration

We sell the majority of our products to food distributors and large food retailers, including supercenters and club stores, in North America. As the retail grocery and foodservice trades continue to consolidate and grow more sophisticated, the Company is required to adjust to changes in purchasing practices and changing customer requirements to remain competitive. Failure to do so could result in losing sales volumes and market share. The Company's net sales and profitability as it could result in increased pressure on pricing and volume, which could lead to the deterioration in the financial condition of, or other adverse developments in, the relationship with one or more of its major customers. Any of these events could have a material adverse effect on the Company's financial condition and results of operations.

Consolidation of customers could result in some consolidation of suppliers in the U.S. seafood industry, which is highly fragmented, especially in the U.S. foodservice market. If the Company is not part of the supplier consolidation, it could led to increased competition requiring the Company to reduce costs and increase service levels to keep pace with the expectation of customers.

During the fifty-two weeks ended December 28, 2024, one customer accounted for more than 10% of the Company's total sales. While this represents a concentration of revenue, the associated risk is considered low due to the nature of the customer relationship and the broader end-market distribution. The Company continuously monitors its customer portfolio and does not anticipate any significant risk to its financial performance due to this concentration.

Reputation and Public Opinion

The potential for deterioration of the Company's reputation may arise in many contexts and for many different reasons, including as a result of factors discussed elsewhere in this "Risk Factors" section. As a result, reputational risk cannot be managed in isolation from other forms of risk. For example, any real or perceived quality, safety or other reputational concerns, whether or not ultimately based on fact and whether or not involving the Company (such as incidents involving competitors, or the way in which products are handled by customers, consumers or others in the distribution chain after they leave the control of the Company), could cause negative publicity and reduced confidence in the Company, its brand or its products, which could in turn harm its reputation and operating results. Any loss of confidence on the part of consumers in the Company's products, brands, the ingredients it uses or in the safety and quality of its products would be difficult and costly to overcome.

The growing use of social and digital media by the Company, its consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about the Company, its brands or its products on social or digital media could seriously damage its reputation. If the Company does not maintain the favourable perception of its brands, the Company's sales and profits could be negatively impacted.

Overall, negative public opinions or shifts in opinion whether about the Company, its brands, its industry or the overall environment in which it operates could materially adversely affect its reputation, business, strategy and operations, as well its financial condition and results of operations.

Foreign Currency

High Liner Foods reports its results in USD to reduce volatility caused by changes in the USD to CAD exchange rate. The Parent has a CAD functional currency, meaning that all transactions are recorded in CAD. However, as we report in USD, the results of the Parent are converted into USD for external reporting purposes. As such, fluctuations in exchange rates impact the translated value of the Parent's sales, costs and expenses when translated to USD. Reporting results in USD introduces volatility due to changes in exchange rates, affecting the translated value of sales, costs, and expenses. Fluctuations in currency values can impact the comparability and interpretation of financial statements.

The Company's results of operations and financial condition are both also affected by foreign currency fluctuations in a number of ways. The table below summarizes the effects of foreign exchange on our operations:

Currency	Strength	Impact on High Liner Foods
CAD	Strong	Results in a reduction in the cost of inputs for the Canadian operations in CAD. Competitive activity may result in some selling price declines on unprocessed product.
CAD	Weak	Results in an increase in the cost of inputs for the Canadian operations in CAD. Justified cost increases are usually accepted by customers. If prices rise too sharply there may be a volume decline until consumers become accustomed to the new level of pricing.
Euro	Strong	Results in increased demand from Europe for seafood supplies and may increase prices in USD.
Euro	Weak	Results in decreased demand from Europe for seafood supplies and may decrease prices in USD.
Asian currencies	Strong	Results in higher cost for seafood related to Asian-domestic inputs such as labour and overheads of primary producers. As well, increased demand may result from domestic Asian markets and increase USD prices. Justified cost increases are usually accepted by customers. If prices rise too sharply, there may be a volume decline until consumers become accustomed to the new level of pricing.
Asian currencies	Weak	Results in lower cost for seafood related to Asian-domestic inputs such as labour and overheads of primary producers. As well, decreased demand may result from domestic Asian markets and decrease USD prices. Competitive activity may result in some selling price declines on unprocessed product.
USD	Strong	As in most commodities, a strong USD usually decreases input costs in USD, as suppliers in countries not using the USD need less USD to receive the same amount in domestic currency. In Canadian operations, it increases input costs in CAD.
USD	Weak	As in most commodities, a weak USD usually increases input costs in USD, as suppliers in countries not using the USD need more USD to receive the same amount in domestic currency. In Canadian operations, it decreases input costs in CAD.

The value of the USD compared to other world currencies has an impact on many commodities, including seafood, packaging, flour-based products, cooking oil and transportation costs that are either sold in USD or have USD-input costs. This is because many producing countries do not use the USD as their functional currency and, therefore, changes in the value of the USD means that producers in other countries need less or more USD to obtain the same amount in their domestic currency. Changes in the value of the CAD by itself against the USD simply result in an increase or decrease in the CAD cost of inputs.

For products sold in Canada, most raw material is purchased in USD and flour-based ingredients, cooking oils and transportation costs all have significant commodity components that are traded in USD. A weakening CAD increases the cost of these inputs in the Canadian operation's domestic currency and usually results in higher selling prices to Canadian customers.

Although High Liner Foods reports in USD, our Canadian operations continue to be managed in CAD. Therefore, we enter into annual supply contracts, where possible, and engage in hedging activities in accordance with the Company's *"Price Risk Management Policy"* (the "Policy"), buying USD forward and using various derivative products. To reduce our exposure to the USD on the more price inelastic items, the Policy allows us to hedge forward a maximum of 15 months of purchases; at 70-90% of exposure for the first three months, 55-85% for the next three months, 30-75% for the next three months, 10-60% for the next three months, and 0-60% for the last three months. The lower end of these ranges is required to be hedged by the Policy, with the upper ranges allowed if management believes the situation warrants a higher level of purchases to be hedged. Variations from the Policy require the approval of the Audit Committee, and failure to adhere to the policy guidelines could expose the company to increased currency risk.

The Policy excludes certain products where the price in the marketplace moves up or down with changes in the CAD cost of the product. Approximately $50-80 million of the USD purchases of the Parent are part of the hedging program annually and are usually hedged between 40-75% of the next twelve months of forecasted purchases. We are currently forecasting purchases of $49.2 million to be hedged in 2025 and of this amount, 47.9% was hedged as of December 28, 2024. Details on the hedges in place as at December 28, 2024 are included in Note 23 *"Fair value measurement"* to the Consolidated Financial Statements.

The effectiveness of hedging activities depends on the accuracy of forecasting future purchases and market conditions. Inaccurate forecasts or unforeseen market changes could lead to ineffectiveness in hedging strategies. The Company cannot assure that these hedging activities will eliminate the risks related to foreign currency, which could have a material adverse impact on the Company's financial condition and results of operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which relates to the Company's debt obligations with floating interest rates. Fluctuations in market interest rates can impact the fair value and future cash flows of the Company's financial instruments, particularly its debt obligations with floating interest rates. Changes in interest rates may affect the company's borrowing costs and overall financial performance. The Company's policy is to manage interest rate risk by having a mix of fixed and variable rate debt. The Company's objective is to keep between 35% and 55% of its borrowings at fixed rates of interest. To manage this, the Company enters into fixed rate debt facilities or interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional amount. These swaps are designated to hedge the underlying debt obligations. Interest rate options that effectively fix the maximum rate of interest that the Company will pay may also be used to manage this exposure. Despite the Company's efforts to manage interest rate risk, there is no guarantee that it will be completely eliminated. Unexpected changes in interest rates could still have a material adverse impact on the company's financial condition and results of operations. At December 28, 2024, 42.3% of the Company's borrowings, including the long-term debt and the working capital facility, were either hedged or at a fixed rate of interest (December 30, 2023: 51.2%).

Interest rate sensitivity

The Company's income before income taxes is sensitive to the impact of a change in interest rates on that portion of debt obligations with floating interest rates, with all other variables held constant. An increase or decrease in interest rates can impact the Company's profitability, with all other variables held constant. As at December 28, 2024, the Company's current bank loans were $nil (December 30, 2023: $3.0 million) and long-term debt was $226.9 million (December 30, 2023: $243.0 million). An increase of 25 basis points on the bank loans would have reduced income before income taxes by $nil (December 30, 2023: $nil). An increase of 25 basis points above the SOFR floor on the long-term debt would have reduced income before income taxes by $0.4 million (December 30, 2023: $0.3 million). A corresponding decrease in respective interest rates would have an approximately equal and opposite effect. There is no impact on the Company's equity except through changes in income.

Liquidity Risk

The ability of the Company to secure short-term and long-term financing on terms acceptable to the Company is critical to fund business growth and manage its liquidity.

Our primary sources of working capital are cash flows from operations and borrowings under our credit facilities. We actively manage our relationships with our lenders and have adequate credit facilities in place until April 2027, when the working capital credit facility expires. The failure or inability of the Company to secure short-term and long-term financing in the future on terms that are commercially reasonable and acceptable to the Company could have a significant adverse impact on the Company's financial position and opportunities for growth. Even if the Company does successfully raise additional capital when needed, if it issues equity securities, investors will be diluted, and if it raises additional debt, it will be further leveraged and could be subject to restrictive covenants, such as restrictions on paying dividends or being required to pledge assets.

The Company monitors its risk to a shortage of funds using a detailed budgeting process that identifies financing needs for the next twelve months as well as models that look out three years. Working capital and cash balances are monitored daily and a procurement system provides information on commitments. This process projects cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, letters of credit, bank loans, notes payable and lease liabilities. The Company's objective is that not more than 50% of borrowings should mature in the next twelve-month period.

At December 28, 2024, approximately 5% of our debt will mature in the next twelve-month period based on the carrying value of borrowings reflected in the Consolidated Financial Statements. Our long-term debt is described in Note 12 *"Long-term debt"* to the Consolidated Financial Statements. At December 28, 2024 and at the date of this document, we are in compliance with all covenants and terms of our banking facilities.

Capital Risk

The Company’s growth strategies, including its acquisition initiatives, as well as its ongoing operations are dependent on being able to access financing at a reasonable cost. Many factors can impact the Company’s ability and the associated cost to finance its activities, including general market conditions, investor sentiment, credit availability and the Company’s operating performance. If the Company is unable to source financing as needed or to the extent that the Company is able to access sufficient capital but the cost of such capital is significantly higher than its current cost, its ability to execute its business strategies could be impaired.

Additionally, adverse credit market conditions could limit the Company’s ability to refinance its existing debt and raise additional debt that may be needed to fund the Company’s operations. The Company's ability to issue or borrow long-term debt and obtain other financing could be adversely affected by factors such as an inability to meet certain debt covenant requirements and ratios. The Company’s ability to conduct operations could be materially and adversely impacted should these or other adverse conditions affect the Company’s sources of liquidity.

Non-Seafood Commodity Prices

The Company's operating costs are affected by price changes in commodities such as crude oil, wheat, corn, paper products and frying oils. To minimize our risk, the Company's *"Price Risk Management Policy"* dictates the use of fixed pricing with suppliers whenever possible but allows the use of hedging with derivative instruments if deemed prudent. Throughout 2024 and 2023, the Company has managed this risk through contracts with suppliers.

Crude oil prices, which influence fuel surcharges from freight suppliers, had a year-end price in 2023 that was slightly lower than 2022, but averaged a price much lower than the prior year. World commodity prices for flour, soy and canola oils, imported ingredients in many of the Company's products, decreased throughout 2024, when compared to 2023. The price of corrugated and folded carton, which is used in packaging increased in 2024 compared to 2023. It is the practice of High Liner Foods to contract with suppliers to fix prices related to commodity purchase requirements for the items mentioned above. The Company has contracts fixing prices for a portion of these items in 2024 and is in negotiations to fix the remaining amounts expected to be purchased.

Any fluctuations in commodity prices that the Company is unable to properly hedge or mitigate through fixed pricing could increase the Company's operating costs and/or price of its products and ultimately have a material adverse effect on the Company's financial condition and results of operations.

Availability of Non-Seafood Goods

The Company purchases non-seafood goods and ingredients from a variety of suppliers operating in North America and other major markets. Furthermore, issues with suppliers regarding pricing or performance of the goods they supply or the inability of suppliers to supply the required volumes of such goods and services in a timely manner could impact the Company's financial condition and performance. Any such impact will depend on the effectiveness of the Company's contingency plan.

Uncertainty of Return of Capital

The payment of dividends may be impacted by factors that can have a material adverse effect on High Liner Foods' business, results of operations, cash flows, financial position or prospects and which could impact its liquidity and ability to declare and pay dividends (whether at current levels, revised levels or at all). Payment of dividends is also dependent on, among other things, the ability of the Company to generate sufficient cash flows, the financial requirements of High Liner Foods, and applicable solvency tests and contractual restrictions (whether under credit agreements or other contracts). As the payment of dividends is subject to the discretion of the Company's Board of Directors, the Company's dividend policy could change at any time if the Board determines that a change is in the best interests of the Company. There can be no assurance that the Company will maintain or increase its dividends in the future, which may have a material adverse effect on the Company's share price.

The Company also has a history of maintaining a NCIB in place that it may use to repurchase its shares for cancellation. Refer to Note 14 "*Share capital*" to the Consolidated Financial Statements for more information related to the Company's current NCIB share repurchase plan. There can be no assurance that the Company will continue with share repurchases.

Intellectual Property

The Company’s brands and other intellectual property contribute to its competitive advantages and success. The Company takes steps to protect certain intellectual property rights in Canada and the United States and in other jurisdictions, including by registering trademarks, relying on contractual responsibilities and restrictions in agreements (such as indemnification, non-disclosure and confidentiality agreements) with employees, consultants and customers, and on common law and statutory protections afforded to trademarks, trade secrets, proprietary “know-how” and other intellectual property. However, there can be no assurance that such steps fully protect those intellectual property rights from circumvention, misappropriation, infringement or invalidation by third parties.

To protect its brands and other intellectual property, the Company may be required to enforce its intellectual property rights through litigation. Similarly, a third party may initiate litigation against the Company on the grounds that the Company has allegedly infringed certain intellectual property rights. Such litigation could result in a significant diversion of capital and human resources, which could adversely affect the Company’s operations and financial results, regardless of whether the Company prevails in such litigation. If the Company is not successful in such litigation, it may be prohibited from using certain intellectual property and may be liable to the prevailing party. Such events could adversely affect the Company’s operations and financial results, directly or indirectly, through a decrease in the reputation of the Company or the value of its brands.

Capital Project Risk

As part of the Company’s growth and continuing improvement initiatives, it often invests in a variety of capital projects including maintenance, repairs and enhancements to existing facilities and equipment. The Company's ability to take on new projects may be negatively impacted by: (i) available cash flow; (ii) availability and cost of labor, materials and equipment; (iii) contractor non-performance; and (iv) cost of engineering, construction and other consulting services. The Company may incur financing costs as part of its capital expenditure projects, but the

expected cash flows from the projects will not materialize until after they are completed. In estimating the cost of these projects, the Company must make a variety of assumptions which are based on its experience and understanding of current facts and circumstances. If the capital expenditures associated with a capital project are greater than projected, or if the expected benefits associated with larger capital projects are not achieved, then the Company could be adversely affected. The Company's network of assets also requires ongoing investment in maintenance capital expenditures. Failure to adequately invest in preventative maintenance and other maintenance capital requirements may adversely impact the Company's operations, resulting in increased shutdowns and manufacturing disruptions, which could have an adverse impact on the Company's financial condition and results of operations. The Company mitigates these risks through the development of monitoring processes and controls that enable it to identify early and respond quickly to any potential and/or actual issues, and by maintaining a disciplined capital allocation strategy.

Pension Plan Assets and Liabilities

In the normal course of business, the Company provides post-retirement pension benefits to its employees under both defined contribution and defined benefit pension plan arrangements. The funded status of the plans significantly affects the net periodic benefit costs of the Company's pension plans and the ongoing funding requirements of those plans. Among other factors, changes in interest rates, mortality rates, early retirement rates, and the market value of plan assets can affect the level of plan funding required, increase the Company's future funding requirements, and cause volatility in the net periodic pension cost as well as the Company's financial results. Any increase in pension expense or funding requirements could have a material adverse impact on the Company's financial condition and results of operations.

The asset mix of our defined benefit pension plans was established with the objective of reducing the volatility of the plan's anticipated funded position. This has resulted in investing part of the portfolio in fixed income assets with a duration similar to that of the pension obligations. The latest actuarial valuations of these two plans were performed as at Fiscal 2023 for the Nova Scotia Union Plan and as at Fiscal 2022 for the Management Plan, and showed: a going concern excess of CAD$1.4 million and an unfunded liability of CAD$7.0 million, respectively, and a solvency excess of CAD$1.2 million and deficiency of CAD$2.5 million, respectively.

Taxes

Significant judgment is required in determining the Company’s provision for income taxes and the Company is also subject to the examination of its tax returns and other tax matters by applicable authorities, including the Canada Revenue Agency, the U.S. Internal Revenue Service and state tax authorities in jurisdictions the Company does business in. There can be no assurance as to the outcome of these examinations. If a taxing authority disagrees with the positions the Company has taken, the Company could face additional material tax liabilities, including interest and penalties.

The Company’s structure is based on prevailing taxation law, regulations and practices in the jurisdictions in which it does business. New taxation rules could be enacted or existing rules could be applied in a manner that subjects the Company’s profits to additional taxation or otherwise has a material adverse effect on the Company’s profitability, results of operations, deferred tax assets and liabilities, and/or financial condition, including without limitation, the Pillar Two model rules and other tax reforms.

The Company continually monitors changes in tax policy, tax legislation (including in relation to taxation rates), and the interpretation of tax policy or legislation or practices that could have such an effect. At any given time, the Company may face tax exposures arising out of changes in tax or transfer pricing laws, tax reassessments or otherwise. Governments around the world are increasingly seeking to regulate multinational companies and their use of differential tax rates between jurisdictions. This effort includes a greater emphasis on various nations to coordinate and share information regarding companies and the taxes they pay. Changes in governmental taxation policies and practices could adversely affect the Company or result in negative media coverage and depending on the nature of such policies and practices, could have a greater impact on the Company than other companies.

Dividends

Although the Company currently pays quarterly cash dividends on its outstanding common shares, these cash dividends may be reduced or suspended. The amount of cash available to the Company to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: the Company's operational and financial performance; fluctuations in market prices; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors set forth herein.

The decision whether to pay dividends and the amount of any such dividends are subject to the discretion of the board of directors of the Company, which quarterly evaluates proposed dividend payments and applicable solvency test requirements under corporate law. In addition, the level of dividends per common share will be affected by the number of outstanding common shares. Dividends may be increased, reduced, or suspended depending on the Company's operational success. The market value of the Company's common shares may deteriorate if the Company is unable to meet dividend expectations in the future, and that deterioration may be material.

Share Price

Volatility in the Company's business can result in significant common share price and volume fluctuations. Factors such as changes in the Company's operating results, announcements by the Company's customers, competitors or other events affecting companies in the Company's industry, currency fluctuations, general market fluctuations, macro-economic conditions, public health crises and other risk factors discussed herein may cause the market price of the Company's common shares to decline. In addition, if the Company's operating results do not meet the expectations of securities analysts or investors, the price of the Company's common shares could decline. Furthermore, the existence of the Company's NCIB may cause the common share price to be higher than it would be in the absence of such a program and repurchases under the NCIB expose the Company to risks resulting from a reduction in the size of its "public float", which may reduce the Company's trading volume as well as its common share price.

Normal Course Issuer Bid

Although the Company currently has an NCIB in effect, whether the Company repurchases its common shares under such NCIB for cancellation, and the amount and timing of any such repurchases, is subject to capital availability and periodic determinations by management and the board of directors that common share repurchases are in the best interest of the Company's shareholders and are in compliance with all applicable laws. Any future permitted common share repurchases, including their timing and amount, may be affected by, among other factors: the Company's views on potential future capital allocation requirements and decisions; and changes to applicable tax laws or corporate laws. In addition, the amount the Company spends and the number of its common shares the Company is able to repurchase for cancellation under any NCIB may further be affected by a number of other factors, including the price of the common shares and blackout periods in which the Company is restricted from repurchasing its shares (other than pursuant to an automatic share repurchase plan). The Company's common share repurchases may change from time to time, and the Company cannot provide assurance that it will repurchase any or, if commenced, continue to repurchase any common shares for cancellation in any amounts or at all. Once commenced, a reduction in or elimination of the Company's common share repurchases could have a negative effect on the price of such shares.

General Economic Conditions

Current and future conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction for the economy. It is even more challenging to estimate growth or contraction in various parts, sectors, and regions of the economy. The Company's budgeting and forecasting are dependent upon estimates of demand for its products and growth or contraction in the markets it serves. Economic uncertainty complicates reliable estimation of future income and expenditures. Adverse changes may occur because of weakening global economic conditions, tightening of consumer credit, inflation, rising interest rates and

mortgage rates, falling consumer confidence, increasing unemployment, declining stock markets or other factors affecting economic conditions generally. These changes may negatively affect, among other things, demand for the Company's products which could have a material and adverse effect on the Company's revenue and profitability.

In addition to experiencing potentially lower revenues during times of economic difficulty, to maintain sales during such times, the Company may need to reduce the price of its products, increase promotional spending or take other steps to encourage the purchase of its products. Those steps may lower the Company's net revenues or increase its costs, thereby decreasing its operating margins and lowering its profitability.

During periods of increased cost inflation, the Company has increased prices of certain products, and may in the future need to increase prices further in order to cover increased costs of goods sold, which may reduce demand for products. There can be no guarantee that the Company will be able to successfully increase prices in the future or that the price increases the Company has already taken will offset the entirety of additional costs it has incurred and may incur in the future. The inability to adequately increase prices to offset increased costs and inflationary pressures, or otherwise mitigate the impact of these macro-economic conditions and market disruptions, may also increase costs and/or decrease profit margins.

Natural Disasters and Catastrophic Events

A natural disaster or catastrophic event where the Company, or third parties with whom the Company relies upon, has operations, offices or manufacturing or processing facilities, such as an earthquake, tsunami, flood, typhoon, fire or other natural or man-made disaster, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic could disrupt the Company's operations or those of its contractors and impair production or distribution of its products, damage inventory, interrupt critical functions, or otherwise affect its business negatively, and could materially and adversely affect the Company's business, financial condition and performance.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute "forward-looking information" within the meaning of applicable securities laws, including the provincial securities laws in Canada, and are based on expectations, estimates and projections as of the date on which the statements are made in this MD&A. These statements relate to future events or future performance and reflect the Company's expectations and assumptions regarding the growth, results of operations, performance, business prospects and opportunities of the Company. Forward-looking statements are often, but not always, identified by the use of words such as "may", "would", "could", "will", "should", "expect", "expects", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "pursue", "continue", "seek", "intend", or the negative of these terms or other similar expressions concerning matters that are not historical facts. Specific forward-looking statements in this MD&A include, but are not limited, to statements regarding: future growth strategies and their impact on the Company's market share and shareholder value; sustainability goals and targets; 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; the ability to develop new and innovative products that result in increased sales and market share; increased demand for the Company's products whether due to the recognition of the health benefits of seafood or otherwise; inflation, changes in costs for seafood and other raw materials; 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; demand expectations; sales of new product; the efficiency of plant production; U.S. and Canadian tariffs; economic and geopolitical conditions such as Russia's invasion of Ukraine and the implementation and/or expansion of related sanctions; impact of the inflationary environment; expected amount and timing of cost savings related to the optimization of the Company's structure; 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; expectations regarding the potential future impact of a global pandemic on the Company's operations and performance, customer and consumer behavior and economic patterns; M&A and other investment and growth strategies; product innovation and distribution, consumer preferences and purchasing decisions; growth in alternative species and other diversification of products and the Company’s supply chain; the markets and industries in which the Company operates; and the business strategies and operational activities of the Company.

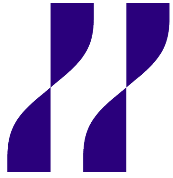
Forward-looking statements are necessarily based upon management’s perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition to any other factors and assumptions set forth in this MD&A, the material factors and assumptions used to develop the forward-looking information include, but are not limited to: availability, demand and prices of raw materials, energy and supplies; the ability of the Company to mitigate the impacts of tariffs; expectations with regards to sales volume, earnings, product margins, product innovations, brand development and anticipated financial performance; the ability to develop new and innovative products that result in increased sales and market share; the maintenance of existing customer and supplier relationships; manufacturing facility efficiency; the ability of the Company to reduce operating and supply chain costs; 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.

Forward-looking information is inherently subject to risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A number of known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, could cause actual events, performance, or results to differ materially from what is projected in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: 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; ability to import seafood into North America while adhering to updated government sanctions; ability to adapt to regulatory changes and increase flexibility on seafood substitutions in certain products with customers; 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. and Canadian tariffs on certain seafood products and other supplies; costs of commodity products, freight, storage and other production inputs, and the ability to pass cost increases on to customers; successful integration of acquired operations and other acquisition-related risk; 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; completion and/or advancement of sustainability initiatives, including, without limitation, initiatives relating to the carbon workplan, waste reduction and/or seafood sustainability and traceability initiatives; 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; economic and geopolitical conditions such as Russia's invasion of Ukraine and the implementation and/or expansion of related sanctions; and the potential impact of a pandemic outbreak of a contagious illness, on general economic and business conditions and therefore the Company's operations and financial performance. In evaluating these forward-looking statements, investors and prospective investors should specifically consider these and various other risks, uncertainties and other factors which may cause actual events, performance, or results to differ materially from any forward-looking statement and not put undue reliance on forward-looking statements.

The risk factors above are not intended to represent a complete list of the factors that may affect the Company and its forward-looking statements. For further details concerning these factors and other risks applicable to the Company refer to "Risk Factors" above.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are made as of the date of this MD&A or, in the case of documents referenced herein, as of the date of such documents and are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All forward-looking statements in this MD&A are qualified by these cautionary statements.



AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

As at and for the fifty-two weeks ended December 28, 2024
With comparative figures as at and for the fifty-two weeks ended December 30, 2023

To the Shareholders of High Liner Foods Incorporated

Management's Responsibility

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

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

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

Dated February 26, 2025

Signed

D. Bergman
Executive Vice President & Chief Financial Officer

Independent auditor's report

To the Shareholders of
High Liner Foods Incorporated

Opinion

We have audited the consolidated financial statements of **High Liner Foods Incorporated** [the "Company"], which comprise the consolidated statements of financial position as at December 28, 2024 and December 30, 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of accumulated other comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the fifty-two weeks then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 28, 2024 and December 30, 2023, and its consolidated financial performance and its consolidated cash flows for the fifty-two weeks then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

Impairment of goodwill and indefinite useful life intangible assets

As at December 28, 2024, the Company has $171 million of goodwill and indefinite useful life intangible assets. Goodwill and indefinite useful life intangible assets are subject to an annual assessment for impairment at the cash generating unit (“CGU”) level. The recoverable amount of the CGU has been determined based on the fair value less costs of disposal (“FVLCD”), determined using an income approach, by applying a discounted cash flow methodology. The Company discloses significant judgments, estimates and assumptions and the result of their analysis in respect of impairment in Note 9 to the consolidated financial statements.

Auditing management’s annual goodwill and indefinite useful life intangible assets impairment test was complex, given the degree of judgment and subjectivity in evaluating management’s estimates and assumptions in determining the recoverable amount of the CGU. The recoverable amount estimate is sensitive to significant assumptions, including the cash flow projections, the after-tax discount rate, the sales growth rate, the terminal growth rate, income margins before finance costs, income taxes, depreciation and amortization which are affected by expectations about future market and economic conditions.

How our audit addressed the key audit matter

To test the estimated recoverable amount of the CGU, our audit procedures included, among others, assessing methodologies and the significant assumptions and underlying data used by the Company in its analysis. With the assistance of our valuation specialists, we evaluated the Company's model, valuation methodology, and certain significant assumptions, including the after-tax discount rate, and the terminal growth rate.

In addition, we assessed the historical accuracy of management’s estimates on cash flow projections by comparing management’s past projections to actual and historical performance. We also compared the sales growth rate and income margins before finance costs, income taxes, depreciation and amortization to current industry, market and economic trends in addition to comparing forecasts to approved business plans. We performed sensitivity analyses on significant assumptions, including the after-tax discount rate and the sales growth rate, to evaluate changes in the recoverable amount of the CGU that would result from changes in the assumptions. We also assessed the adequacy of the Company’s disclosures included in Note 9 to the accompanying consolidated financial statements in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants

Halifax, Canada
February 26, 2025

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

	Notes		December 28, 2024		December 30, 2023
ASSETS					
Current assets					
Cash		**$**	**15,463**	$	7,300
Accounts receivable	**5**		**92,218**		100,634
Income taxes receivable			**9,682**		3,164
Other financial assets	**23**		**4,490**		3,196
Inventories	**6**		**289,162**		295,624
Deferred finance costs	**10**		**145**		—
Prepaid expenses			**4,550**		7,390
Total current assets			**415,710**		417,308
Non-current assets					
Property, plant and equipment	**7**		**133,811**		124,878
Right-of-use assets	**8**		**9,836**		11,181
Deferred finance costs	**10**		**188**		—
Deferred income taxes	**16**		**1,156**		—
Other receivables and assets	**23**		**18,707**		1,770
Intangible assets	**9**		**113,344**		121,899
Goodwill	**9**		**156,560**		157,363
Total non-current assets			**433,602**		417,091
Total assets	**10, 12**	**$**	**849,312**	$	834,399
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank loans	**10**	**$**	**—**	$	2,559
Accounts payable and accrued liabilities	**11**		**147,276**		145,530
Contract liability	**17**		**2,619**		2,813
Provisions			**121**		154
Other current financial liabilities	**23**		**246**		997
Other current liabilities	**15**		**2,348**		998
Income taxes payable			**6,185**		100
Current portion of long-term debt	**12**		**7,500**		5,625
Current portion of lease liabilities	**8**		**4,370**		4,589
Total current liabilities			**170,665**		163,365
Non-current liabilities					
Income taxes payable	**16**		**2,755**		—
Long-term debt	**12**		**211,312**		233,791
Other long-term financial liabilities	**23**		**16**		362
Other long-term liabilities	**15**		**9,712**		5,629
Long-term lease liabilities	**8**		**5,799**		6,997
Deferred income taxes	**16**		**35,098**		28,476
Future employee benefits	**13**		**8,226**		9,923
Total non-current liabilities			**272,918**		285,178
Total liabilities			**443,583**		448,543
Shareholders' equity					
Common shares	**14**		**85,549**		113,203
Contributed surplus			**15,472**		15,414
Retained earnings			**338,778**		280,615
Accumulated other comprehensive loss			**(34,070)**		(23,376)
Total shareholders' equity			**405,729**		385,856
Total liabilities and shareholders' equity		**$**	**849,312**	$	834,399

See accompanying notes to the Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of United States dollars, except share and per share amounts)

	Notes		Fifty-two weeks ended December 28, 2024		Fifty-two weeks ended December 30, 2023
Sales	22	$	**959,218**	$	1,080,338
Cost of sales			**741,947**		861,649
Gross profit			**217,271**		218,689
Distribution expenses			**45,225**		56,875
Selling, general and administrative expenses			**100,027**		94,455
Business acquisition, integration and other (income) expense	27		**(8,528)**		7,070
Results from operating activities			**80,547**		60,289
Finance costs	12		**8,516**		26,178
Income before income taxes			**72,031**		34,111
Income taxes					
Current	16		**6,622**		10,680
Deferred	16		**5,245**		(8,246)
Income tax expense	16		**11,867**		2,434
Net income		$	**60,164**	$	31,677
Earnings per common share					
Basic	18	$	**1.89**	$	0.94
Diluted	18	$	**1.89**	$	0.93
Weighted average number of shares outstanding					
Basic	18		**31,762,628**		33,704,378
Diluted	18		**31,796,546**		33,933,852

See accompanying notes to the Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of United States dollars)

	Fifty-two weeks ended December 28, 2024	Fifty-two weeks ended December 30, 2023
Net income	**$ 60,164**	$ 31,677
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	**(20,639)**	6,573
Gain (loss) on translation of net investment in foreign operations	**41,502**	(11,341)
Translation impact on Canadian dollar denominated non-AOCI items	**(31,735)**	7,855
Translation impact on Canadian dollar denominated AOCI items	**984**	(450)
Total exchange (losses) gains on translation of foreign operations and Canadian dollar denominated items	**(9,888)**	2,637
Effective portion of changes in fair value of cash flow hedges	**2,360**	(169)
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**(73)**	(820)
Net change in fair value of cash flow hedges transferred to income	**(2,088)**	(2,863)
Translation impact on Canadian dollar denominated AOCI items	**(1,005)**	303
Total exchange losses on cash flow hedges	**(806)**	(3,549)
Net other comprehensive loss to be reclassified to net income	**(10,694)**	(912)
Other comprehensive income (loss) not to be reclassified to net income		
Defined benefit plan actuarial gains (losses)	**460**	(950)
Net unrealized gain on equity investments	**2,541**	—
Net other comprehensive income (loss) not to be reclassified to net income	**3,001**	(950)
Other comprehensive loss, net of tax	**(7,693)**	(1,862)
Total comprehensive income	**$ 52,471**	$ 29,815

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(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 30, 2023	**$ (25,890)**	**$ 2,514**	**$ (23,376)**
Total exchange losses on translation of foreign operations and Canadian dollar denominated items	**(9,888)**	**—**	**(9,888)**
Total exchange losses on cash flow hedges	**—**	**(806)**	**(806)**
Balance at December 28, 2024	**$ (35,778)**	**$ 1,708**	**$ (34,070)**
Balance at December 31, 2022	$ (28,527)	$ 6,063	$ (22,464)
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	2,637	—	2,637
Total exchange losses on cash flow hedges	—	(3,549)	(3,549)
Balance at December 30, 2023	$ (25,890)	$ 2,514	$ (23,376)

See accompanying notes to the Consolidated Financial Statements

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

	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance at December 30, 2023	**$ 113,203**	**$ 15,414**	**$ 280,615**	**$ (23,376)**	**$385,856**
Other comprehensive income (loss)	**—**	**—**	**3,001**	**(10,694)**	**(7,693)**
Net income	**—**	**—**	**60,164**	**—**	**60,164**
Common share dividends	**—**	**—**	**(13,553)**	**—**	**(13,553)**
Share-based compensation (Notes 14, 15)	**361**	**58**	**—**	**—**	**419**
Common shares repurchased for cancellation (Note 14)	**(2,257)**	**—**	**(7,359)**	**—**	**(9,616)**
Cancellation of treasury shares (Notes 14, 27)	**(25,758)**	**—**	**15,910**	**—**	**(9,848)**
Balance at December 28, 2024	**$ 85,549**	**$ 15,472**	**$ 338,778**	**$ (34,070)**	**$405,729**
Balance at December 31, 2022	$ 113,096	$ 17,491	$ 265,294	$ (22,464)	$373,417
Other comprehensive loss	—	—	(950)	(912)	(1,862)
Net income	—	—	31,677	—	31,677
Common share dividends	—	—	(13,066)	—	(13,066)
Share-based compensation (Notes 14, 15)	1,165	(2,077)	—	—	(912)
Common shares repurchased for cancellation (Note 14)	(1,058)	—	(2,340)	—	(3,398)
Balance at December 30, 2023	$ 113,203	$ 15,414	$ 280,615	$ (23,376)	$385,856

See accompanying notes to the Consolidated Financial Statements

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

	Notes	Fifty-two weeks ended December 28, 2024	Fifty-two weeks ended December 30, 2023
Cash flows provided by (used in):			
Operating activities			
Net income		**$ 60,164**	$ 31,677
Adjustments to net income not involving cash from operations:			
Depreciation and amortization	**26**	**23,005**	26,373
Share-based compensation expense	**15**	**7,559**	1,469
Loss on asset disposals and impairment		**745**	193
Future employee benefits contribution, net of expense		**(849)**	(298)
Finance costs	**26**	**8,516**	26,178
Income tax expense	**16**	**11,867**	2,434
Gain on legal settlement	**27**	**(9,839)**	—
Unrealized foreign exchange loss		**44**	680
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes paid		**101,212**	88,706
Changes in non-cash working capital balances:			
Accounts receivable		**5,743**	(3,475)
Inventories		**(1,623)**	179,449
Prepaid expenses		**2,555**	(1,120)
Accounts payable and accrued liabilities		**5,356**	(50,353)
Provisions		**(24)**	(38)
Net change in non-cash working capital balances		**12,007**	124,463
Interest paid		**(18,487)**	(24,902)
Income taxes paid		**(4,145)**	(8,953)
Net cash flows provided by operating activities		**90,587**	179,314
Financing activities			
Decrease in bank loans	**19**	**(2,976)**	(124,941)
Repayment of lease liabilities	**19**	**(5,001)**	(4,963)
Net proceeds from refinancing of long-term debt	**12**	**1,125**	—
Repayment of long-term debt	**12**	**(5,250)**	(7,500)
Deferred finance costs	**12**	**(5,840)**	—
Common share dividends paid		**(13,553)**	(13,066)
Common shares repurchased for cancellation	**14**	**(9,449)**	(3,385)
Options exercised for shares	**15**	**280**	—
Net cash flows used in financing activities		**(40,664)**	(153,855)
Investing activities			
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets		**(23,805)**	(19,049)
Net proceeds on disposal of assets		**—**	248
Purchase of equity investments	**23**	**(16,436)**	—
Net cash flows used in investing activities		**(40,241)**	(18,801)
Foreign exchange (decrease) increase on cash		**(1,519)**	487
Net change in cash during the period		**8,163**	7,145
Cash, beginning of period		**7,300**	155
Cash, end of period		**$ 15,463**	$ 7,300

See accompanying notes to the 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 Consolidated Financial Statements ("Consolidated Financial Statements") of the Company as at and for the fifty-two weeks ended December 28, 2024, comprise High Liner Foods' Canadian company (the "Parent") and its subsidiaries (herein together referred to as the "Company" or "High Liner Foods"). The Company is primarily involved in the processing and marketing of prepared and packaged frozen seafood products.

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Company's Board of Directors on February 26, 2025.

2. Statement of compliance and basis for presentation

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

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

3. Material accounting policies

(a) Basis of consolidation

These Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at December 28, 2024. Control is achieved when the Company is exposed, or has rights, to direct the activities that significantly affect the returns from its involvement with the investee. The Company reassesses whether or not it controls an investee on an ongoing basis.

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

(b) Foreign currency

Functional and presentation currency

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

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

Translation of transactions and balances into the functional currency

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

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

(c) Business combinations and goodwill

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

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

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

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

(d) Cash

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

(e) Inventories

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

(f) Property, plant and equipment

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

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

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

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

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

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

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

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

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

Lease liabilities are recorded at the present value of the fixed and eligible variable lease payments that depend on an index or rate, net of any lease incentives at the initial measurement date. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. The present value of the lease payments is determined using the discount rate representing the Company's incremental borrowing rate on the lease commencement date, adjusted for the applicable currency of the lease contract, similar tenor and nature of the asset being leased. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

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

(h) Intangible assets

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

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

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

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

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

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

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

(i) Impairment

Non-financial assets

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

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

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

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

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previous impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the

recoverable amount of the asset or CGU. Excluding goodwill, a previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The impairment loss to be reversed in the consolidated statements of income is limited to the recoverable amount, but not beyond the carrying amount, net of depreciation or amortization, that would have arisen if the prior impairment loss had not been recognized.

Financial assets

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

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

(j) Provisions, contingent liabilities and contingent assets

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

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

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

(k) Future employee benefits

Defined benefit pension plans ("DBPP")

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

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

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

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

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

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

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

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

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

(m) Share-based compensation

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

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

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

Cash-settled transactions

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

(n) Income taxes

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

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

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

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

(o) Earnings per share

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

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

(p) Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component and financial assets at fair value through profit or loss, the Company initially measures a financial asset at its fair value including related transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers* (see Note 3 (l)). In order for a financial asset to be

classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, which is the Company's business model. This assessment is referred to as the SPPI test and is performed at an instrument level. All financial liabilities are recognized initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

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

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

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

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

Financial assets at amortized cost

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

Financial liabilities at amortized cost

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

Derecognition of financial instruments

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

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

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

(q) Fair value measurement

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

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

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

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

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

(r) Derivative instruments and hedging

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

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

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

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

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

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

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

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

(v) Derivatives that do not qualify for hedge accounting

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

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

The Company adopted the following standards, interpretations and amendments to existing standards that were effective for annual periods beginning on January 1, 2024 and that the Company adopted on December 31, 2023:

IAS 1, *Disclosure of Accounting Policies*

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company has adopted the amendments which had no impact to its Consolidated Financial Statements.

IAS 7 & IFRS 7, *Supplier Finance Arrangements*

In May 2023, the IASB issued the final amendments to IAS 7 and IFRS 7 which addresses the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively. The Company has adopted the amendments which had no impact to its Consolidated Financial Statements.

IAS 12, ***Income Taxes***

In May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). IAS 12 was amended to add the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two legislation").

The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/ income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1, January 2023.

On June 20, 2024, the Pillar Two legislation was enacted in Canada and is effective for the Company's fiscal year that commenced on December 31, 2023. The Company has applied the temporary exception during the current fiscal year. The Company has disclosed known or reasonably estimable information that helps users of financial statements to understand the Company's exposure to Pillar Two income taxes in the Company's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and has disclosed separately current tax expense/income related to Pillar Two income taxes when it is in effect. Please see Note 16 for additional details

(t) Accounting pronouncements issued but not yet effective

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

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

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

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

IAS 21, ***Lack of Exchangeability***

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

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

IFRS 18, ***Presentation and Disclosure in Financial Statements***

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

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

4. Critical accounting estimates and judgments

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

The most significant estimates made by management include the following:

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

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

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

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

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

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

Sales and marketing accruals

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

5. Accounts receivable

(Amounts in $000s)		**December 28, 2024**		December 30, 2023
Trade accounts receivable	**$**	**91,087**	$	99,354
Other accounts receivable		**1,131**		1,280
	$	**92,218**	$	100,634

Accounts receivable bear normal trade credit terms and are non-interest bearing. Trade accounts receivable includes revenue from contracts with customers. The entire trade accounts receivable balance is pledged as collateral for the Company's working capital facility (see Note 10).

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

(Amounts in $000s)		
At December 31, 2022	$	6
New provision for expected credit losses [(1)]		57
Provision utilized		(15)
Unused provision for expected credit losses reversed		(8)
At December 30, 2023	$	40
New provision for expected credit losses [(1)]		217
Provision utilized		(49)
Unused provision for expected credit losses reversed		(74)
At December 28, 2024	**$**	**134**

[(1)] For the fifty-two weeks ended December 28, 2024, the Company recognized $0.2 million impairment losses (fifty-two weeks ended December 30, 2023: nominal) related to receivables arising from contracts with customers.

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

	0–30 days	**31–60 days**	**Over 60 days**
At December 30, 2023	75%	19%	6%
At December 28, 2024	**75%**	**21%**	**4%**

6. Inventories

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

(Amounts in $000s)		**December 28, 2024**		December 30, 2023
Finished goods	**$**	**175,615**	$	178,238
Raw and semi-finished material		**113,547**		117,386
	$	**289,162**	$	295,624

During the fifty-two weeks ended December 28, 2024, $741.9 million (December 30, 2023: $861.6 million) was recognized as an expense for inventories in cost of sales on the consolidated statements of income. Of this, $5.2 million (December 30, 2023: $11.1 million) was written-down during the year and a reversal for unused impairment reserves of $1.4 million (December 30, 2023: $0.5 million) was recorded. As of December 28, 2024, the value of inventory pledged as collateral for the Company's working capital facility (see Note 10) was $204.7 million (December 30, 2023: $240.9 million).

7. Property, plant and equipment

(Amounts in $000s)	Land and buildings	Furniture, fixtures, and production equipment	Computer equipment and vehicles	Total
Cost				
At December 31, 2022	$ 87,654	$ 123,884	$ 10,772	$ 222,310
Additions	3,121	11,853	712	15,686
Transfers	(297)	297	—	—
Disposals	(798)	(2,539)	(67)	(3,404)
Effect of exchange rates	472	724	132	1,328
At December 30, 2023	$ 90,152	$ 134,219	$ 11,549	$ 235,920
Additions	5,602	17,393	104	23,099
Transfers [1]	—	—	567	567
Disposals	(380)	(4,505)	(1,750)	(6,635)
Effect of exchange rates	(1,751)	(3,186)	(519)	(5,456)
At December 28, 2024	**$ 93,623**	**$ 143,921**	**$ 9,951**	**$ 247,495**
Accumulated depreciation and impairment				
At December 31, 2022	$ (35,665)	$ (58,801)	$ (7,808)	$ (102,274)
Depreciation and impairment	(3,220)	(7,377)	(538)	(11,135)
Transfers	4	(4)	—	—
Disposals	769	2,148	44	2,961
Effect of exchange rates	(217)	(282)	(95)	(594)
At December 30, 2023	$ (38,329)	$ (64,316)	$ (8,397)	$ (111,042)
Depreciation and impairment	(3,350)	(7,590)	(398)	(11,338)
Transfers	—	—	—	—
Disposals	327	3,896	1,666	5,889
Effect of exchange rates	991	1,471	345	2,807
At December 28, 2024	**$ (40,361)**	**$ (66,539)**	**$ (6,784)**	**$ (113,684)**
Net carrying value				
At December 30, 2023	$ 51,823	$ 69,903	$ 3,152	$ 124,878
At December 28, 2024	**$ 53,262**	**$ 77,382**	**$ 3,167**	**$ 133,811**

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

An impairment loss of nil (December 30, 2023: nil) was recorded during the fifty-two weeks ended December 28, 2024 reflecting a write-down of certain property, plant and equipment as a result of equipment obsolescence.

During the fifty-two weeks ended December 28, 2024, the Company disposed of property, plant and equipment for proceeds of $nil (December 30, 2023: $0.2 million), resulting in a net loss on disposal of $0.7 million (December 30, 2023: $0.2 million), which is reflected in the consolidated statements of income.

The Company has a General Security Agreement that has pledged all of its property, plant and equipment as collateral for its bank loans and long-term debt. See Note 10 and Note 12 for further information.

8. Right-of-use assets and lease liabilities

Right-of-use assets

(Amounts in $000s)	Land and buildings	Furniture, fixtures, and production equipment	Computer equipment and vehicles	Total
Cost				
At December 31, 2022	$ 17,179	$ 447	$ 2,881	$ 20,507
Additions	7,894	136	594	8,624
Disposals	—	—	(331)	(331)
Effect of exchange rates	57	—	54	111
At December 30, 2023	$ 25,130	$ 583	$ 3,198	$ 28,911
Additions	2,613	—	437	3,050
Disposals	—	—	(1,056)	(1,056)
Effect of exchange rates	(89)	—	(199)	(288)
At December 28, 2024	**$ 27,654**	**$ 583**	**$ 2,380**	**$ 30,617**
Accumulated depreciation				
At December 31, 2022	$ (11,546)	$ (193)	$ (1,578)	$ (13,317)
Depreciation	(3,808)	(166)	(592)	(4,566)
Disposals	—	—	242	242
Effect of exchange rates	(61)	—	(28)	(89)
At December 30, 2023	$ (15,415)	$ (359)	$ (1,956)	$ (17,730)
Depreciation	(3,613)	(174)	(463)	(4,250)
Disposals	—	—	953	953
Effect of exchange rates	149	—	97	246
At December 28, 2024	**$ (18,879)**	**$ (533)**	**$ (1,369)**	**$ (20,781)**
Net carrying value				
At December 30, 2023	$ 9,715	$ 224	$ 1,242	$ 11,181
At December 28, 2024	**$ 8,775**	**$ 50**	**$ 1,011**	**$ 9,836**

Amounts recognized in the consolidated statements of income

(Amounts in $000s)	**Fifty-two weeks ended December 28, 2024**	Fifty-two weeks ended December 30, 2023
Variable lease payments not included in the measurement of the lease liabilities	**$ 647**	$ 673
Depreciation expense on right-of-use assets	**4,250**	4,566
Interest expense on lease liabilities	**933**	569
Total amounts recognized in the consolidated statements of income	**$ 5,830**	$ 5,808

Lease liabilities

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

			Maturity analysis
(Amounts in $000s)	**Total**	**Less than 1 year**	**1–5 Years**	**Thereafter**
Lease liabilities	$ 12,361	$ 5,119	$ 4,541	$ 2,701

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

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

9. Goodwill and intangible assets

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

	Intangible assets						Total goodwill and intangible assets
(Amounts in $000s)	Brands	Indefinite lived brands	Customer and supplier relationships	Computer software	Total intangible assets	Goodwill	
Cost							
At December 31, 2022	$ 6,903	$ 14,033	$ 164,811	$ 18,894	$ 204,641	$ 157,134	$ 361,775
Additions	—	—	—	3,363	3,363	—	3,363
Disposals	—	—	—	(2,599)	(2,599)	—	(2,599)
Effect of exchange rates	11	11	26	460	508	229	737
At December 30, 2023	$ 6,914	$ 14,044	$ 164,837	$ 20,118	$ 205,913	$ 157,363	$ 363,276
Additions	—	—	—	706	706	—	706
Disposals	—	—	—	(280)	(280)	—	(280)
Transfers [(1)]	—	—	—	(567)	(567)	—	(567)
Effect of exchange rates	(38)	(37)	(92)	(1,597)	(1,764)	(803)	(2,567)
At December 28, 2024	**$ 6,876**	**$ 14,007**	**$ 164,745**	**$ 18,380**	**$ 204,008**	**$ 156,560**	**$ 360,568**
Accumulated amortization							
At December 31, 2022	$ (6,903)	$ —	$ (63,167)	$ (5,497)	$ (75,567)	$ —	$ (75,567)
Amortization	—	—	(6,317)	(4,356)	(10,673)	—	$ (10,673)
Disposals	—	—	—	2,599	2,599	—	$ 2,599
Effect of exchange rates	(11)	—	(134)	(228)	(373)	—	(373)
At December 30, 2023	$ (6,914)	$ —	$ (69,618)	$ (7,482)	$ (84,014)	$ —	$ (84,014)
Amortization	—	—	(6,487)	(929)	(7,416)	—	(7,416)
Disposals	—	—	—	—	—	—	—
Effect of exchange rates	38	—	128	600	766	—	766
At December 28, 2024	**$ (6,876)**	**$ —**	**$ (75,977)**	**$ (7,811)**	**$ (90,664)**	**$ —**	**$ (90,664)**
Net carrying value							
At December 30, 2023	$ —	$ 14,044	$ 95,219	$ 12,636	$ 121,899	$ 157,363	$ 279,262
At December 28, 2024	**$ —**	**$ 14,007**	**$ 88,768**	**$ 10,569**	**$ 113,344**	**$ 156,560**	**$ 269,904**

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

Impairment of goodwill and identifiable intangible assets

As described in Note 3, the carrying values of goodwill and intangible assets with indefinite lives are tested for impairment annually (as at the first day of the Company's fourth quarter). The Company's impairment test for goodwill and intangible assets with indefinite useful lives was based on FVLCD at September 29, 2024, resulting in $nil impairment in the North American CGU (October 1, 2023: $nil). The key assumptions used to determine the recoverable amount for the CGU for the most recently completed impairment calculation for Fiscal 2024 are discussed below.

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

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

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

Key assumptions used in determining the FVLCD

Cash flow projections
The cash flow projections, covering a five-year period ("projection period"), were based on financial projections approved by management using assumptions that reflect the Company's most likely planned course of action, given management's judgment of the most probable set of economic conditions, adjusted to reflect the perspective of the expectations of a market participant. For the purpose of the Company's annual impairment test as at September 29, 2024, gross margins are based on actual and estimated values in the first year of the projection period, budgeted values in the second year of the projection period, and these are increased over the projection period for anticipated efficiency improvements and growth. The projected gross margins are updated to reflect anticipated future changes, such as currency fluctuations, in the cost of inputs (primarily raw materials and commodity products used in processing), which are obtained from forward-looking data. Forecast figures are used where data is publicly available; otherwise, past actual raw material cost movements have been used combined with management's industry experience and analysis of the seafood and commodity markets.

Discount rate
The discount rate, derived from the WACC, represents the current market assessment of the risk specific to the CGU, taking into consideration the time value of money and individual risks that have not been incorporated in the cash flow projections. The discount rate was based on the weighted average cost of equity and cost of debt for comparable companies within the industry. The cost of equity was calculated using the capital asset pricing model. The debt component of the WACC was determined by using an after-tax cost of debt. The after-tax WACC applied to the North American CGU cash flow projections was 11.3% at September 29, 2024 (October 1, 2023: 11.2%).

Growth rate
Growth rates used to extrapolate the Company's projection were determined using published industry growth rates in combination with inflation assumptions and management input based on historical trend analysis and future expectations of growth. The long-term growth rate applied to the cash flow projections of the North American CGU was assessed as 2.0% at September 29, 2024 (October 1, 2023: 2.0%). This is a conservative growth rate assumption for the Company and used for the purpose of this analysis that was solely based on future inflation assumptions, which assumed inflation normalizes over the projection period.

Costs to sell
The costs to sell the North American CGU was estimated at approximately 3.0% at September 29, 2024 (October 1, 2023: 3.0%) of the CGU's enterprise value. The costs to sell reflect the incremental costs, excluding finance costs and income taxes, that would be directly attributable to the disposal of the CGU, including legal costs, marketing costs, costs of removing assets and direct incremental costs incurred in preparing the CGU for sale.

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

10. Bank loans

(Amounts in $000s)		**December 28, 2024**		December 30, 2023
Bank loans, denominated in CAD (average variable rate of 5.45%; December 30, 2023: 7.20%)	**$**	**—**	$	—
Bank loans, denominated in USD (average variable rate of 7.50%; December 30, 2023: 6.71%)		**—**		3,000
		—		3,000
Less: deferred finance costs [1]		**—**		(441)
	$	**—**	$	2,559

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

The Company has a $200.0 million working capital facility (the "Facility"), with the Royal Bank of Canada as Administrative Agent, which expires in April 2027. The Facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in North America, subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility (see Note 12). A second charge over the Company's property, plant and equipment is also in place. Taking into account the current borrowing base and letters of credit as at December 28, 2024, the Company had $169.1 million of borrowing availability (December 30, 2023: $181.4 million).

As at December 28, 2024 and December 30, 2023, the Facility allowed the Company to borrow:

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

11. Accounts payable and accrued liabilities

(Amounts in $000s)		**December 28, 2024**		December 30, 2023
Trade accounts payable and accrued liabilities	**$**	**134,534**	$	133,087
Employee accruals, including incentives and vacation pay		**12,742**		12,443
	$	**147,276**	$	145,530

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

12. Long-term debt

(Amounts in $000s)	**December 28, 2024**	December 30, 2023
Term loan	**$ 226,875**	$ 243,023
Less: current portion	**(7,500)**	(5,625)
	219,375	237,398
Less: deferred finance costs	**(8,063)**	(3,607)
	$ 211,312	$ 233,791

In July 2024, the Company amended the $300 million term loan facility to reduce the amount available under the facility to $240.0 million, extend the term from October 2026 to July 2031, and decrease the applicable interest rates for loans under the facility from SOFR plus 3.75% (0.75% SOFR floor) to SOFR plus 3.25% (0.50% SOFR floor). The amendments to the facility were determined to be a non-substantial modification and, as a result, the deferred financing costs related to the original facility continue to be amortized over the remaining term. The Company incurred additional deferred financing costs on the amended facility of $5.8 million. As the net present value of the cash flows of the modified debt were less than the carrying value of the original facility before the amendments, at the time of modification a gain of $12.7 million was recorded in finance costs, and is reflected on the consolidated statements of income during the fifty-two weeks ended December 28, 2024. Excluding the impact of the modification gain on the carrying value, the principal balance outstanding of term loan debt was $238.5 million on December 28, 2024.

Prior to the July 2024 refinancing, quarterly principal repayments of $1.9 million were required on the term loan as regularly scheduled repayments. Under the new refinanced term loan agreement, quarterly principal repayments of $1.5 million are required on the term loan as regularly scheduled repayments. Any mandatory and voluntary repayments after the time of refinancing are applied to future regularly scheduled principal repayments. During the fifty-two weeks ended December 28, 2024, regularly scheduled repayments of $5.3 million were made. There are regularly scheduled repayments of $7.5 million to be paid in the next 12 months. There are no mandatory prepayments related to excess cash flows from 2024 to be paid in 2025.

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

13. Future employee benefits

Non-pension benefit plan

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

Defined contribution pension plans ("DCPP")

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

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

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

Total expense and cash contributions for the Company's DCPPs was $1.9 million for the year ended December 28, 2024 (December 30, 2023: $1.8 million).

Defined benefit pension plans ("DBPP")

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

Canadian union employee plan

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

Canadian management plan

The Company sponsors a DBPP specifically for certain Canadian management employees (the "Management Plan"). On December 28, 2024, one person was enrolled as an active member in the Management Plan, who is a Canadian resident and was employed prior to January 1, 2000. The objective of the Management Plan is to provide an annual pension (including Canada Pension Plan) of 2% of the average of a member's highest five years' regular earnings while a member of the Management Plan, multiplied by the number of years of credited service. Incentive payments are not eligible earnings for pension purposes. The Management Plan was grandfathered and no new entrants are permitted. All members contribute 3.25% of their earnings up to the Years Maximum Pensionable Earnings ("YMPE") and 5% in excess of the YMPE to the maximum that a member can contribute based on income tax rules.

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

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

The annual pension amounts derived from the aggregate of the Management Plan and SERP benefits represent 1.3% of the member’s final five year average earnings plus 0.7% of the member’s final five year average earnings over the five year average YMPE. This amount is multiplied by the years of service to determine the full annual pension entitlement from the two plans.

U.S. management plans

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

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

Funded status *(Amounts in $000s)*		**December 28, 2024**		December 30, 2023
Total present value of obligations[1][2]	**$**	**29,768**	$	33,143
Fair value of plan assets		**21,542**		23,220
Net accrued defined benefit obligation	**$**	**8,226**	$	9,923

[1] The Company has a letter of credit outstanding as at December 28, 2024 relating to the securitization of the Company's unfunded benefits under the defined benefit SERP in the amount of $5.7 million (December 30, 2023: $6.2 million).
[2] As at December 28, 2024, $0.7 million (December 30, 2023: $0.7 million) of the total obligation is related to non-pension benefit plans.

Movement in the present value of the defined benefit obligations *(Amounts in $000s)*		**December 28, 2024**		December 30, 2023
DBO at the beginning of the year	**$**	**33,143**	$	30,752
Benefits paid by the plans		**(2,410)**		(2,671)
Effect of movements in exchange rates		**(2,792)**		732
Current service costs		**490**		541
Interest on obligations		**1,432**		1,554
Employee contributions		**10**		8
Effect of changes in financial assumptions		**(105)**		2,227
DBO at the end of the year	**$**	**29,768**	$	33,143

Movement in the fair value of plan assets *(Amounts in $000s)*		**December 28, 2024**		December 30, 2023
Fair value of plan assets at the beginning of the year	**$**	**23,220**	$	21,900
Employee contributions paid into the plans		**10**		8
Employer contributions paid into the plans		**1,869**		1,149
Benefits paid by the plans		**(2,299)**		(2,532)
Effect of movements in exchange rates		**(1,988)**		562
	$	**20,812**	$	21,087
Actual return on plan assets:				
Return on plan assets	**$**	**1,029**	$	1,122
Actuarial (losses) gains in OCI		**(224)**		1,087
Fees and expenses		**(75)**		(76)
		730		2,133
Fair value of plan assets at the end of the year	**$**	**21,542**	$	23,220

Expense recognized in the consolidated statements of income *(Amounts in $000s)*		**Fifty-two weeks ended December 28, 2024**		Fifty-two weeks ended December 30, 2023
Current service costs	**$**	**490**	$	541
Interest on obligation		**1,432**		1,554
Return on plan assets		**(1,029)**		(1,122)
Effect of changes in financial assumptions related to non-pension benefit plans		**59**		24
Fees and expenses		**75**		76
	$	**1,027**	$	1,073

Expense recognized in the following line items in the consolidated statements of income *(Amounts in $000s)*		**Fifty-two weeks ended December 28, 2024**		Fifty-two weeks ended December 30, 2023
Cost of sales	**$**	**494**	$	563
Selling, general and administrative expenses		**533**		510
	$	**1,027**	$	1,073

Plan assets comprise: *(Amounts in $000s)*		**December 28, 2024**		December 30, 2023
Equity securities[1]	**$**	**9,974**	$	8,173
Debt securities		**11,331**		14,977
Cash and cash equivalents		**237**		70
	$	**21,542**	$	23,220

[1] The plan assets include CAD$2.9 million of the Company's own common shares at market value at December 28, 2024 (December 30, 2023: CAD$2.2 million).

Actuarial losses recognized in OCI *(Amounts in $000s)*		**December 28, 2024**		December 30, 2023
Cumulative amount at the beginning of the year	**$**	**6,265**	$	4,970
Recognized during the period		**119**		1,140
Effect of exchange rates		**503**		155
Cumulative amount at the end of the year	**$**	**6,887**	$	6,265

Principal actuarial assumptions *(Expressed as weighted averages)*	**December 28, 2024** **%**	December 30, 2023 %
Discount rate for the benefit cost for the year ended	**4.60**	5.30
Discount rate for the accrued benefit obligation as at year-end	**4.73**	4.60
Expected long-term rate on plan assets as at year-end	**4.73**	4.60
Future compensation increases for the benefit cost for the year ended	**3.00**	3.00
Future compensation increases for the accrued benefit obligation as at year-end	**3.00**	3.00

A quantitative sensitivity analysis for significant assumptions as at December 28, 2024 is shown below:

(Amounts in $000s)		**Discount rate**						**Mortality rate**
Sensitivity level		0.5% increase		0.5% decrease		One-year increase		One-year decrease
(Decrease) increase on DBO	**$**	**(1,531)**	**$**	**1,690**	**$**	**568**	**$**	**(583)**

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net DBO as a result of reasonable changes in key assumptions occurring at the end of the reporting period. An analysis on salary increases and decreases is not material. The Company expects CAD$1.3 million in contributions to be paid to its DBPPs and CAD$2.9 million to its DCPPs in Fiscal 2025.

Termination benefits

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

(Amounts in $000s)		**Fifty-two weeks ended December 28, 2024**		Fifty-two weeks ended December 30, 2023
Selling, general and administrative expenses		**593**		1,036
	$	**593**	$	1,036

14. Share capital

The share capital of the Company is as follows:

	December 28, 2024	December 30, 2023
Authorized:		
Preference shares, par value of CAD$25 each, issuable in series	**5,999,994**	5,999,994
Subordinated redeemable preference shares, par value of CAD$1 each, redeemable at par	**1,025,542**	1,025,542
Non-voting equity shares	**Unlimited**	Unlimited
Common shares, without par value	**Unlimited**	Unlimited

Purchase of shares for cancellation

In June 2024, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 700,000 common shares. The Company's ability to repurchase the common shares commenced on June 7, 2024 and will terminate no later than June 6, 2025. In November 2024, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares the Company can purchase by 943,340, to a total authorized limit of 1,643,340. During the fifty-two weeks ended December 28, 2024, the Company repurchased 732,182 common shares under this plan at an average price of $9.87 (CAD $13.60) per share for total cash consideration of $7.1 million (CAD $9.8 million). The excess of the purchase price over the book value of the shares in the amount of $5.7 million was charged to retained earnings.

In June 2023, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. The Company's ability to repurchase the common shares commenced on June 7, 2023 and terminated on June 6, 2024. In December 2023, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares the Company can purchase by 500,000. During the fifty-two weeks ended December 28, 2024, the Company purchased 246,700 common shares under this plan at an average price of $9.31 (CAD$12.64) per share for total cash consideration of $2.3 million (CAD$3.1 million). The excess of the purchase price over the book value of the shares in the amount of $1.7 million was charged to retained earnings. During the fifty-two weeks ended December 30, 2023, the Company purchased 413,200 common shares under this plan at an average price of $8.39 (CAD$11.37) per share for total cash consideration of $3.4 million (CAD$4.6 million). The excess of the purchase price over the book value of the shares in the amount of $2.3 million was charged to retained earnings.

In June 2022, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. Purchases commenced on June 7, 2022 and subsequently terminated on June 6, 2023. During the fifty-two weeks ended December 30, 2023, the Company did not purchase any common shares under this plan.

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

	Fifty-two weeks ended December 28, 2024		Fifty-two weeks ended December 30, 2023	
	Shares	**($000s)**	Shares	($000s)
Common shares:				
Balance, beginning of period	**33,019,318**	**113,203**	33,179,282	113,096
Options exercised for shares	**50,597**	**333**	—	—
Options exercised for shares via cashless exercise method (Note 15)	**21,370**	**28**	253,236	1,165
Shares repurchased for cancellation	**(978,882)**	**(2,257)**	(413,200)	(1,058)
Cancellation of treasury shares (Note 27)	**(2,429,014)**	**(25,758)**	—	—
Balance, end of period	**29,683,389**	**85,549**	33,019,318	113,203

During the fifty-two weeks ended December 28, 2024, the Company distributed dividends per share of CAD$0.62 (fifty-two weeks ended December 30, 2023: CAD$0.54).

In November 2024, the Company's Board of Directors increased the quarterly dividend to CAD$0.17 per share, which represents a CAD$0.02 per share increase from the CAD$0.15 per share dividend paid in the first three quarters of 2024, reflecting the Board's recognition of the Company's strong performance and continued confidence in the Company's operations. On February 26, 2025, the Company's Board of Directors declared a quarterly dividend of CAD$0.17 per share, payable on March 15, 2025 to shareholders of record as of March 5, 2025.

15. Share-based compensation

The Company has a Share Option Plan (the "Option Plan") for designated directors, officers and certain managers of the Company, a Performance Share Unit ("PSU") Plan 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 $2.3 million and $9.7 million, respectively, as at December 28, 2024 (December 30, 2023: $1.0 million and $5.6 million, respectively).

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

(Amounts in $000s)	Fifty-two weeks ended **December 28, 2024**	Fifty-two weeks ended December 30, 2023
Selling, general and administrative expenses resulting from:		
Cash-settled awards [(1)]	**7,204**	1,346
Equity-settled awards [(1)]	**355**	123
Share-based compensation expense	**$ 7,559**	$ 1,469

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

Share Option Plan

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

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

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

	Fifty-two weeks ended **December 28, 2024**		Fifty-two weeks ended December 30, 2023	
	No.	**WAEP (CAD)**	No.	WAEP (CAD)
Outstanding, beginning of period	**370,750**	**$ 10.84**	1,479,833	$ 10.19
Granted	**131,238**	**12.71**	119,860	15.14
Exercised for shares via cashless method [1]	**(78,077)**	**8.15**	(1,026,173)	9.84
Exercised for shares [1]	**(50,597)**	**7.48**	—	—
Cancelled or forfeited	**(20,475)**	**13.97**	(202,770)	13.73
Outstanding, end of period	**352,839**	**$ 12.75**	370,750	$ 10.84
Exercisable, end of period	**177,945**	**$ 11.72**	229,176	$ 9.06

[1] For the fifty-two weeks ended December 28, 2024, 71,967 shares were issued related to options exercised (fifty-two weeks ended December 30, 2023: 253,236). The weighted average share price at the date of exercise for these options was CAD$12.68 for the fifty-two weeks ended December 28, 2024 (fifty-two weeks ended December 30, 2023: CAD$13.81).

Set forth below is a summary of the outstanding options to purchase common shares as at December 28, 2024:

	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	49,805	$ 7.51	0.25	49,805	$ 7.51
$ 10.01–15.00	261,936	12.90	5.03	114,440	13.14
$ 15.01–20.00	41,098	15.14	5.25	13,700	15.14
	352,839			**177,945**	

The fair value of options granted during the fifty-two weeks ended December 28, 2024 and fifty-two weeks ended December 30, 2023 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average inputs and assumptions:

	December 28, 2024	December 30, 2023
Dividend yield (%)	**4.72**	3.43
Expected volatility (%)	**39.32**	40.23
Risk-free interest rate (%)	**3.53**	3.44
Expected life (years)	**7.00**	7.00
Weighted average share price (CAD)	**$ 12.71**	$ 15.14
Weighted average fair value (CAD)	**$ 3.40**	$ 4.80

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.

Performance Share Unit Plan

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

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

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

	Fifty-two weeks ended **December 28, 2024**	Fifty-two weeks ended December 30, 2023
Outstanding, beginning of period	**362,704**	566,363
Granted	**87,874**	204,225
Reinvested dividends	**15,404**	20,489
Released and paid in cash	**(96,318)**	(242,011)
Forfeited	**(20,835)**	(186,362)
Outstanding, end of period	**348,829**	362,704

The expected performance multiplier used in determining the fair value of the liability and related share-based compensation expense for PSUs for the fifty-two weeks ended December 28, 2024 was 82% (fifty-two weeks ended December 30, 2023: 64%).

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

	Fifty-two weeks ended **December 28, 2024**	Fifty-two weeks ended December 30, 2023
Outstanding, beginning of period	**349,331**	452,978
Granted	**373,460**	166,224
Reinvested dividends	**25,757**	16,942
Released and paid in cash	**(121,025)**	(170,026)
Forfeited	**(51,357)**	(116,787)
Outstanding, end of period	**576,166**	349,331

The share price at the reporting date was CAD$15.92 (December 30, 2023: CAD$11.82). PSUs will vest at the end of a three-year period, if agreed-upon performance measures are met, and the RSUs will vest in accordance with the terms of the agreement.

Deferred Share Unit Plan

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

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

	Fifty-two weeks ended **December 28, 2024**	Fifty-two weeks ended December 30, 2023
Outstanding, beginning of period	**486,155**	400,444
Granted	**79,720**	66,241
Reinvested dividends	**24,898**	19,470
Outstanding, end of period	**590,773**	486,155

16. Income tax

The Company's statutory tax rate for the year ended December 28, 2024 is 28.0% (December 30, 2023: 28.1%). The Company's effective income tax rate was 16.5% for the year ended December 28, 2024 (December 30, 2023: 7.1%). The higher effective income tax rate in Fiscal 2024 compared to the same period last year is due to implications of the Global Minimum Tax, described below in more detail, which were offset from the income tax effects resulting from the Rubicon settlement (Note 27). For the year ended December 28, 2024, the applicable statutory rates in Canada and the U.S. were 28.0% and 25.5%, respectively (December 30, 2023: 28.1% and 25.5%).

The major components of income tax expense are as follows:

Consolidated statements of income *(Amounts in $000s)*	**Fifty-two weeks ended December 28, 2024**	Fifty-two weeks ended December 30, 2023
Current income tax expense	**$ 6,622**	$ 10,680
Deferred income tax expense		
Origination and reversal of temporary differences	**$ 5,245**	$ (8,246)
Income tax expense reported in the consolidated statements of income	**$ 11,867**	$ 2,434

Consolidated statements of comprehensive income *(Amounts in $000s)*	**Fifty-two weeks ended December 28, 2024**	Fifty-two weeks ended December 30, 2023
Income tax expense related to items charged or credited directly to OCI during the period:		
(Loss) gain on hedge of net investment in foreign operations	**$ 297**	$ (73)
Effective portion of changes in fair value of cash flow hedges	**976**	(72)
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**(895)**	(340)
Net change in fair value of cash flow hedges transferred to income	**—**	(1,185)
Defined benefit plan actuarial gains (losses)	**32**	(334)
Income tax expense (recovery) directly to other comprehensive income (loss)	**$ 410**	$ (2,004)

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

(Amounts in $000s)	**Fifty-two weeks ended December 28, 2024**	Fifty-two weeks ended December 30, 2023
Accounting profit before tax at statutory income tax rate of 28.0% (2023: 28.1%)	**$ 20,169**	$ 9,585
Non-deductible expenses for tax purposes:		
Non-deductible share-based compensation	**99**	55
Other non-deductible items	**245**	128
Acquisition financing structures deduction	**(8,337)**	(8,356)
Rubicon settlement agreement	**(2,704)**	—
Effect of lower income tax rates of U.S. subsidiary	**—**	(37)
Adjustments in respect of prior years	**144**	1,187
Global minimum tax	**2,755**	—
Other	**(504)**	(128)
Income tax expense	**$ 11,867**	$ 2,434

Deferred income tax	**Consolidated statements of financial position as at:**		**Consolidated statements of income for the years ended:**	
(Amounts in $000s)	**December 28, 2024**	December 30, 2023	**December 28, 2024**	December 30, 2023
Accelerated depreciation for tax purposes on property, plant and equipment	**$ (14,320)**	$ (15,473)	**$ (1,153)**	$ (313)
Inventory	**(5,881)**	(4,884)	**997**	(3,099)
Intangible assets	**(25,156)**	(25,147)	**9**	1,712
Pension	**2,407**	1,721	**(686)**	(49)
Revaluation of cash flow hedges	**(357)**	163	**520**	—
Losses available for offset against future taxable income	**4,126**	3,457	**(669)**	(3,078)
Deferred charges and other	**5,239**	11,687	**6,227**	(3,419)
Deferred income tax recovery (expense)			**$ 5,245**	$ (8,246)
Net deferred income tax liability	**$ (33,942)**	$ (28,476)		

Reflected in the consolidated statements of financial position as follows:		
Deferred income tax assets	**$ 1,156**	$ —
Deferred income tax liabilities	**(35,098)**	(28,476)
Net deferred income tax liability	**$ (33,942)**	$ (28,476)

Reconciliation of net deferred income tax liabilities *(Amounts in $000s)*		**December 28, 2024**		December 30, 2023
Opening balance, beginning of year	**$**	**(28,476)**	$	(38,112)
Deferred income tax (expense) recovery during the period recognized in income		**(5,245)**		8,246
Deferred income tax recovery (expense) during the period recognized in contributed surplus		**20**		(638)
Deferred income tax (expense) recovery during the period recognized in retained earnings		**(32)**		334
Deferred income tax (expense) recovery during the period recognized in OCI		**(378)**		1,570
Other		**169**		124
Closing balance, end of year	**$**	**(33,942)**	$	(28,476)

The Company had unused capital losses of CAD$43.2 million at December 28, 2024 (December 30, 2023: CAD$49.1 million), which have an indefinite carryforward period. The Company had unused non-capital losses and investment tax credits of CAD$17.5 million and CAD$1.8 million respectively (December 30, 2023: CAD$17.5 million and CAD$1.6 million). The unused non-capital losses expire in 2043 and the investment tax credits expire between 2041 and 2044. A deferred tax asset has only been recognized to the extent of the benefit that is probable to be realized.

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

The temporary difference associated with investments in subsidiaries, for which a deferred tax liability has not been recognized, is $nil at December 28, 2024 and $nil at December 30, 2023.

There were no income tax consequences attached to the payment of dividends in 2024 by the Company to its shareholders.

On June 20, 2024, the Global Minimum Tax Act was enacted by the Government of Canada. The Global Minimum Tax Act is the Canadian implementation of the Pillar Two model rules published by the Organization of Economic Co-operation and Development. The Company intends to rely on certain transitional safe harbours for certain jurisdictions in which it operates. A provision of $2.8 million was recorded, of which $0.3 million was a non-recurring item with respect to the tax efficient financing structure.

17. Revenue from contracts with customers

Disaggregation of revenue

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

Contract liability

The Company's contract liability consists of donated product received from the United States Department of Agriculture for the purpose of processing the product for distribution to eligible recipient agencies. The donated inventory is non-cash consideration that is recorded at the fair value of the product received. The Company has an obligation to sell the product to the eligible agencies at the reduced price, with the donated product being included in the transaction price recognized on the sale of the finished products. The contract liability is classified as current because the Company expects to settle the obligation within twelve months from the reporting date. During the fifty-two weeks ended December 28, 2024, the Company recognized $2.8 million (fifty-two weeks ended December 30, 2023: $3.0 million) in revenue that was included in the contract liability balance at the beginning of the period.

18. Earnings per share

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

		Fifty-two weeks ended December 28, 2024					Fifty-two weeks ended December 30, 2023		
		Net income ($000s)	**Weighted average shares (000s)**		**Per share ($)**		Net income ($000s)	Weighted average shares (000s)		Per share ($)
Net income	**$**	**60,164**	**31,763**	**$**	**1.89**	$	31,677	33,704	$	0.94
Dilutive options and units		**—**	**34**		**—**		—	230		(0.01)
Diluted earnings	**$**	**60,164**	**31,797**	**$**	**1.89**	$	31,677	33,934	$	0.93

Excluded from the diluted earnings per common share calculation for the fifty-two weeks ended December 28, 2024 were 228,498 options and units, as their effect would have been anti-dilutive (fifty-two weeks ended December 30, 2023: 141,276 options).

19. Changes in liabilities arising from financing activities

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

(Amounts in $000s)	December 31, 2022	Cash flows	Reclassified between current and non-current	Change in fair values	New leases, modifications and interest	Deferred finance costs [1]	Other[2]	December 30, 2023
Bank loans	$ 127,554	$ (124,941)	$ —	$ —	$ —	$ 132	$ (186)	$ 2,559
Current portion of long-term debt	7,500	(7,500)	5,625	—	—	—	—	5,625
Other current financial liabilities	447	—	—	550	—	—	—	997
Current portion of lease liabilities	4,622	(4,963)	2,728	—	2,185	—	17	4,589
Long-term debt	238,200	—	(5,625)	—	—	1,365	(149)	233,791
Other long-term financial liabilities	38	—	—	324	—	—	—	362
Long-term lease liabilities	2,813	—	(2,728)	—	6,871	—	41	6,997
Total liabilities from financing activities	$ 381,174	$ (137,404)	$ —	$ 874	$ 9,056	$ 1,497	$ (277)	$ 254,920

[1] Deferred finance costs are net of amortization.
[2] 'Other' includes the impact of foreign exchange movements. As at December 28, 2024 'Other' also includes the reclassification of deferred financing costs on bank loans to current assets and non-current assets on the consolidated statements of financial position of $0.1 million and $0.2 million respectively.

20. Guarantees and commitments

The Company had letters of credit outstanding as at December 28, 2024 relating to the procurement of inventories and the security of certain contractual obligations of $0.8 million (December 30, 2023: $3.2 million). The Company also had a letter of credit outstanding as at December 28, 2024 relating to the securitization of the Company's defined benefit SERP (see Note 13) in the amount of $5.7 million (December 30, 2023: $6.2 million).

21. Related party disclosures

Entity with significant influence over the Company
As at December 28, 2024, Thornridge Holdings Limited owns 39.0% of the Company's outstanding common shares (December 30, 2023: 34.9%).

Other related parties
The Company had no related party transactions, excluding key management personnel compensation, for the fifty-two weeks ended December 28, 2024 and the fifty-two weeks ended December 30, 2023.

The Company did not have any transactions during 2024 or 2023 with entities who had significant influence over the Company or with members of the Board of Directors and their related interests.

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

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

(Amounts in $000s)		**Fifty-two weeks ended December 28, 2024**		Fifty-two weeks ended December 30, 2023
Salaries and short-term incentive plans [1]	**$**	**3,637**	$	3,110
Post-employment benefits [2]		**100**		51
Termination benefits [2]		**—**		346
Share-based compensation [3]		**1,947**		2,219
	$	**5,684**	$	5,726

[1] Short-term incentive amounts were for those earned in 2024 and 2023.

[2] Refer to Note 13 for details of each plan.

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

22. Geographic information

Sales earned outside of Canada for the fifty-two weeks ended December 28, 2024 were $728.6 million (fifty-two weeks ended December 30, 2023: $833.7 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 $000s)		**December 28, 2024**		December 30, 2023
Property, plant and equipment	**$**	**103,511**	$	94,291
Right-of-use assets		**8,197**		8,948
Intangible assets		**102,190**		108,522
Goodwill		**147,916**		147,916
	$	**361,814**	$	359,677

For the fifty-two weeks ended December 28, 2024 and fifty-two weeks ended December 30, 2023 the Company recognized $145.0 million and $170.4 million of sales from one customer, respectively, that represents more than 10% of the Company's total consolidated sales.

23. Fair value measurement

Fair value of financial instruments

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

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

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

	December 28, 2024			December 30, 2023		
(Amounts in $000s)	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Fair value of financial assets						
Interest rate swaps	**$ —**	**$ 2,607**	**$ —**	$ —	$ 4,744	$ —
Foreign exchange contracts	**—**	**2,634**	**—**	—	222	—
Investments	**17,956**	**—**	**—**	—	—	—
	17,956	**5,241**	**—**	—	4,966	—
Fair value of financial liabilities						
Interest rate swaps	**—**	**165**	**—**	—	324	—
Foreign exchange contracts	**—**	**97**	**—**	—	1,035	—
Long-term debt	**—**	**—**	**230,998**	—	—	246,422
	—	**262**	**230,998**	—	1,359	246,422

The Company's Level 1 financial instruments are comprised of multiple publicly traded equity investments listed on a recognized stock exchange. The fair value adjustment accurately reflects the prevailing quoted prices observed in the active market, accessible as at the reporting date. During the fifty-two weeks ended December 28, 2024, the Company purchased publicly held common shares of two Norwegian-based aquaculture companies. The nature of the investments do not constitute significant influence and therefore they are recognized as financial instruments. These equity investments are measured using the fair value through other comprehensive income method. During the fifty-two weeks ended December 28, 2024, the Company recorded an unrealized gain of $2.5 million on the investments which is reflected on the consolidated statements of comprehensive income.

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

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

The Company uses the date of the event or change in circumstances to recognize transfers between Level 1, Level 2 and Level 3 fair value measurements. During the fifty-two weeks ended December 28, 2024, 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 of these instruments was $218.8 million as at December 28, 2024 (December 30, 2023: $239.4 million).

The fair values of other financial assets and liabilities at December 28, 2024 and December 30, 2023 are shown below:

	Other financial assets		Other financial liabilities	
(Amounts in $000s)	**December 28, 2024**	December 30, 2023	**December 28, 2024**	December 30, 2023
Financial instruments at fair value through OCI:				
Foreign exchange forward contracts	**$ 2,634**	$ 222	**$ 97**	$ 1,035
Interest rate swap	**2,607**	4,744	**165**	324
Investments	**17,956**	—	—	—
	23,197	4,966	**262**	1,359

Amortized cost impact on interest expense

During the fifty-two weeks ended December 28, 2024, the Company expensed $0.1 million and $1.3 million (fifty-two weeks ended December 30, 2023: expensed $0.1 million and $1.4 million) of short-term and long-term interest, respectively, relating to interest that was calculated using the EIR method associated with transaction fees and borrowings.

Hedging activities

Interest rate swaps

During the fifty-two weeks ended December 28, 2024, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 12):

Effective date	Maturity date	Receive floating rate	Pay fixed rate		Notional amount (millions)
Designated in a formal hedging relationship:					
July 7, 2023	July 7, 2025	3-month SOFR (floor 0.75%)	4.9076 %	$	40.0
January 6, 2023	July 6, 2026	3-month SOFR (floor 0.75%)	1.1500 %	$	35.0
January 6, 2023	July 8, 2024	3-month SOFR (floor 0.75%)	0.6840 %	$	25.0
December 30, 2022	December 31, 2025	3-month SOFR (floor 0.75%)	1.0910 %	$	20.0

The cash flow hedge of interest expense variability was assessed to be effective for the fifty-two weeks ended December 28, 2024, and therefore the change in fair value for those interest rate swaps designated in a hedging relationship was included in OCI as after-tax net gains $1.0 million (fifty-two weeks ended December 30, 2023: after-tax net gains of $0.4 million).

The Company did not hold any interest rate swaps that were not designated in a formal hedging relationship during the fifty-two weeks ended December 28, 2024 and December 30, 2023. There were $nil amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the fifty-two weeks ended December 28, 2024 (fifty-two weeks ended December 30, 2023: $nil).

Foreign currency contracts

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

As at December 28, 2024, the Company had outstanding notional amounts of $24.7 million (December 30, 2023: $30.3 million) in foreign currency average-rate forward contracts that were formally designated as a hedge and $nil in foreign currency single-rate forward contracts that were formally designated as a hedge (December 30, 2023: $1.9 million). With the exception of $1.1 million (December 30, 2023: $1.2 million) average-rate forward contracts with maturities ranging from January 2026 to March 2026, all foreign currency forward contracts have maturities that are less than one year.

The cash flow hedges of the expected future purchases were assessed to be effective for the fifty-two weeks ended December 28, 2024 and December 30, 2023, and therefore the change in fair value was recorded in OCI as after-tax net gains of $1.3 million (fifty-two weeks ended December 30, 2023: after-tax net losses of $0.6 million). There were $nil amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the fifty-two weeks ended December 28, 2024 (fifty-two weeks ended December 30, 2023 after-tax net gains of $0.2 million).

As at December 28, 2024, the Company had $41.0 million (December 30, 2023: $21.0 million) of foreign currency single-rate forward contracts to hedge foreign currency exchange risk on USD monetary assets and liabilities that were not formally designated as a hedge. The change in fair value related to hedging foreign currency exchange risk on USD monetary assets and liabilities, recognized in the consolidated statements of income for the fifty-two weeks ended December 28, 2024 were net gains of $2.7 million (fifty-two weeks ended December 30, 2023: net losses of $0.4 million).

Hedge of net investment in foreign operations

As at December 28, 2024, a total borrowing of $218.5 million ($7.5 million included in the current portion of long-term debt and $211.3 million included in long-term debt, net of $0.3 million in deferred financing costs related to bank loans (December 30, 2023: a total borrowing of $242.0 million ($2.6 million included in bank loans, $5.6 million included in the current portion of long-term debt and $233.8 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 fifty-two weeks ended December 28, 2024 and December 30, 2023.

24. Capital management

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

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

Capital distributions, including purchases of capital stock, are subject to availability under the Company's working capital debt facility. The consolidated Average Adjusted Aggregate Availability under the working capital debt facility must be greater than $25.0 million. As at December 28, 2024, the Company had Average Adjusted Aggregate Availability of $169.9 million. The Company also has restrictions under the term loan facility on capital distributions, where the aggregate amount for dividends are subject to an annual limit of $32.5 million with a provision to increase this amount subject to leverage and excess cash flow tests. 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. For the fifty-two weeks ended December 28, 2024 and fifty-two weeks ended December 30, 2023, the Company paid $13.6 million and $13.1 million in dividends, respectively, and purchased shares for $9.4 million and $3.4 million, respectively, under the NCIB.

The Company monitors capital (excluding letters of credit) using the ratio of net debt to capitalization, which is net debt divided by total capital plus net debt. The Company's objective is to keep this ratio between 35% and 60%. Seasonal working capital debt may result in the Company exceeding the ratio at certain times throughout the fiscal year. The Directors of the Company have also decided that this range can be exceeded on a temporary basis as a result of acquisitions.

(Amounts in $000s)		**December 28, 2024**		December 30, 2023
Total bank loans, principal outstanding (Note 10)	**$**	**—**	$	3,000
Total long-term debt, principal outstanding (Note 12)		**238,500**		242,630
Total lease liabilities		**10,169**		11,586
Total debt		**248,669**		257,216
Less: cash		**(15,463)**		(7,300)
Net debt		**233,206**		249,916
Shareholders' equity		**405,729**		385,856
Unrealized gains on derivative financial instruments included in AOCI		**(1,708)**		(2,514)
Total capitalization	**$**	**637,227**	$	633,258
Net debt as percentage of total capitalization		**37%**		39%

No changes were made in the objectives, policies or processes for managing capital for the fiscal year ended December 28, 2024 and December 30, 2023.

25. Financial risk management objectives and policies

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which relates to the Company's debt obligations with floating interest rates. The Company's policy is to manage interest rate risk by having a mix of fixed and variable rate debt. The Company's objective is to keep between 35% and 55% of its borrowings at fixed rates of interest. To manage this, the Company enters into fixed rate debt facilities or interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional amount. These swaps are designated to hedge the underlying debt obligations. Interest rate options that effectively fix the maximum rate of interest that the Company will pay may also be used to manage this exposure. At December 28, 2024, 42.3% of the Company's borrowings, including the long-term debt and the working capital facility, were either hedged or at a fixed rate of interest (December 30, 2023: 51.2%).

Interest rate sensitivity

The Company's income before income taxes is sensitive to the impact of a change in interest rates on that portion of debt obligations with floating interest rates, with all other variables held constant. As at December 28, 2024, the Company's current bank loans were $nil (December 30, 2023: $3.0 million) and long-term debt was $226.9 million (December 30, 2023: $243.0 million). An increase of 25 basis points on the bank loans with floating interest rates would have reduced income before income taxes by $nil (December 30, 2023: $nil). An increase of 25 basis points above the SOFR floor, as applicable, on the long-term debt with floating interest rates would have reduced income before income taxes by $0.4 million (December 30, 2023: $0.3 million). A corresponding decrease in respective interest rates would have an approximately equal and opposite effect. There is no impact on the Company's equity except through changes in income.

Foreign currency risk

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

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

The Parent hedges forecasted cash flows for purchases of USD-denominated products for the Canadian operations where the purchase price is substantially known in advance. At December 28, 2024, the Parent hedged 40% (December 30, 2023: 39%) of

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

For the fifty-two weeks ended December 28, 2024, approximately 75.2% (December 30, 2023: 61.4%) of the Parent's costs were denominated in USD, while approximately 98% (December 30, 2023: 99%) of the Parent's sales were denominated in its CAD functional currency.

The Parent has some assets and liabilities that are denominated in CAD, and therefore, the assets and liabilities reported in the Consolidated Financial Statements change as USD/CAD exchange rates fluctuate. A stronger CAD has the effect of increasing the carrying value of assets and liabilities such as accounts receivable, inventory, property, plant and equipment, and accounts payable of the Parent when translated to USD. The net offset of those changes flow through OCI. Based on the equity of the Parent as of December 28, 2024, a one-cent increase/decrease in the USD/CAD exchange rate will decrease/increase equity by approximately $1.9 million (December 30, 2023: $1.7 million).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Company holds credit insurance on its trade accounts receivable and all receivable balances are managed and monitored at the corporate level on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company's top ten customers account for 72% of the trade receivables at December 28, 2024 (December 30, 2023: 74%), with the largest customer accounting for 30% (December 30, 2023: 31%).

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

Liquidity risk

Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they come due. The Company monitors its risk to a shortage of funds using a detailed budgeting process that identifies financing needs for the next twelve months as well as models that look out three years. Working capital and cash balances are monitored daily and a procurement system provides information on commitments. This process on commitments projects cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, letters of credit, bank loans, notes payable, and lease liabilities. The Company's objective is that not more than 50% of borrowings should mature in the next twelve-month period. At December 28, 2024, approximately 5% of the Company's debt (December 30, 2023: 4%) will mature in less than one year based on the carrying value of borrowings reflected in the Consolidated Financial Statements. At December 28, 2024, the Company was in compliance with all covenants and terms of its debt facilities.

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

(Amounts in $000s)	Due within 1 year	Due in 1–5 years	Due after 5 years	Total
Accounts payable and accrued liabilities	**147,276**	**—**	**—**	**147,276**
Long-term debt	**25,248**	**88,111**	**230,390**	**343,749**
As at December 28, 2024	**$ 172,524**	**$ 88,111**	**$ 230,390**	**$ 491,025**
Accounts payable and accrued liabilities	145,530	—	—	145,530
Long-term debt	25,629	268,799	—	294,428
As at December 30, 2023	$ 171,159	$ 268,799	$ —	$ 439,958

Commodity price risk

The Company is affected by price volatility of certain commodities such as crude oil, wheat, corn, paper products, and frying oils. The Company's *Price Risk Management Policy* dictates the use of fixed pricing with suppliers whenever possible, but allows the use of hedging with derivative instruments if deemed prudent. Throughout 2024 and 2023, the Company managed this risk through contracts with suppliers. Where possible, the Company enters into fixed price contracts with suppliers on an annual basis and, therefore, a significant portion of the Company's 2025 commodity purchase requirements are covered. Should an increase in the price of commodities materialize, there could be a negative impact on earnings performance and alternatively, a decrease in the price of commodities could result in a benefit to earnings performance.

Average crude oil prices, which influence fuel surcharges from freight suppliers, decreased during 2024 compared to 2023. World commodity prices for flour, soy and canola oils, imported ingredients in many of the Company's products, generally decreased throughout 2024. The price of corrugated increased and folded carton, which are used in packaging, generally decreased in 2024 compared to 2023.

Seafood price risk

The Company is dependent upon the procurement of frozen raw seafood materials and finished goods on world markets. The Company bought $481.6 million of this product in the current year. A 1.0% change in the price of frozen raw seafood materials would increase/decrease the Company's procurement costs by $4.8 million. Prices can fluctuate and there is limited formal commercial mechanism for hedging either sales or purchases. Purchases of seafood on global markets are principally in USD. The Company hedges exposures to a portion of its currency exposures and enters into longer-term supply contracts when possible.

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

26. Supplemental information

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

(Amounts in $000s)		**Fifty-two weeks ended December 28, 2024**		Fifty-two weeks ended December 30, 2023
Included in finance costs:				
Interest expense on bank loans	**$**	**443**	$	5,639
Interest expense on long-term debt		**18,608**		18,403
Interest expense on lease liabilities		**933**		569
Deferred financing charges		**1,454**		1,497
Interest on letter of credit for SERP		**72**		77
Modification gain related to debt refinancing activities (Note 12)		**(12,734)**		—
Foreign exchange gain		**(260)**		(7)
Total finance costs	**$**	**8,516**	$	26,178
Foreign exchange loss (gain) included in:				
Cost of sales	**$**	**786**	$	(1,403)
Finance costs		**(260)**		(7)
Total foreign exchange loss (gain)	**$**	**526**	$	(1,410)
Loss (gain) on disposal of assets included in				
Cost of sales	**$**	**402**	$	123
Distribution expenses		**3**		—
Selling, general and administrative expenses		**351**		(232)
Total loss (gain) on disposal of assets	**$**	**756**	$	(109)
Depreciation and amortization expense included in:				
Cost of sales	**$**	**9,096**	$	9,011
Distribution expenses		**4,458**		4,556
Selling, general and administrative expenses		**9,451**		12,806
Total depreciation and amortization expense	**$**	**23,005**	$	26,373
Employee compensation and benefit expense:				
Wages and salaries (including payroll benefits)	**$**	**114,783**	$	107,845
Future employee benefit costs		**3,005**		3,225
Share-based compensation expense		**7,559**		1,469
Termination benefits		**593**		1,036
Total employee compensation and benefit expense	**$**	**125,940**	$	113,575

27. Litigation Update

As previously reported, High Liner Foods instituted legal proceedings in California against Mr. Brian Wynn in connection with the sale of Rubicon Resources, LLC ("Rubicon") to the Company. On March 5, 2024, a settlement agreement ("Settlement Agreement") was reached between the Company and the previous shareholders of Rubicon, including Mr. Wynn. On June 6, 2024, the Settlement Agreement was completed and has been reflected in the financial results for the fifty-two weeks ended December 28, 2024. In accordance with the terms of the Agreement, 2,429,014 common shares of the Company issued in connection with the acquisition of Rubicon were surrendered and subsequently cancelled, resulting in a $9.8M gain in the Company's statement of income under *Business acquisition, integration and other (income) expense*. The difference between the value attributed to the shares upon issuance and the value of the settlement, in the amount of $15.9 million, was allocated to retained earnings. In addition, as per the Settlement Agreement, $5.7M was paid directly to the insurance company to reimburse funds received from a previous insurance claim settlement on Representation and Warranties Insurance the Company procured to provide coverage of breaches of representation by Rubicon and Mr. Wynn.

From time to time, the Company is involved in and potentially subject to litigation, investigations, disputes, proceedings or other similar matters related to claims arising out of its operations in the ordinary course of business, performance under its contracts, and the completion of acquisitions or divestitures. The Company believes that all claims and lawsuits in the aggregate, when settled, are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, to the extent that the Company's assessment of its exposure in respect of such matters is either incorrect or changes, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect on the Company's reputation, operations, financial condition or performance in future periods. The Company regularly assesses the adequacy of accruals or provisions related to such matters and makes adjustments as necessary.