HIGH LINER FOODS

FIRST QUARTER
REPORT TO SHAREHOLDERS

Thirteen weeks ended April 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the thirteen weeks ended April 3, 2021

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

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A"), dated May 18, 2021, relates to the financial condition and results of operations of High Liner Foods Incorporated for the thirteen weeks ended April 3, 2021, compared to the thirteen weeks ended March 28, 2020. 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 the Company's 2020 Annual Report and Unaudited Condensed Interim Consolidated Financial Statements as at and for the thirteen weeks ended April 3, 2021 ("Consolidated Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"). The information contained in this document, including forward-looking statements, is based on information available to Management as of May 18, 2021, except as otherwise noted.

Non-IFRS Financial Measures

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

Currency

All amounts in this MD&A are in United States dollars ("USD"), unless otherwise noted. Although the functional currency of High Liner Foods' Canadian company (the "Parent") is the Canadian dollar ("CAD"), management believes the USD presentation better reflects the Company's overall business activities and improves investors' ability to compare the Company's consolidated financial results with other publicly traded businesses in the packaged foods industry (most of which are based in the United States ("U.S.") and report in USD) and should result in less volatility in reported sales and income on the conversion into the presentation currency.

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

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

FORWARD-LOOKING STATEMENTS

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

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

Forward-looking statements can generally be identified by the use of the conditional tense, the words "may", "should", "would", "could", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "goal", "remain" or "continue" or the negative of these terms or variations of them or words and expressions of similar nature. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. As a result, we cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the *Risk Factors* section of our 2020 Annual Report and the *Risk Factors* section of our 2020 Annual Information Form. The risks and uncertainties that may affect the operations, performance, development and results of High Liner Foods' business include, but are not limited to, the following factors: compliance with food safety laws and regulations; timely identification of and response to events that could lead to a product recall; volatility in the CAD/USD exchange rate; competitive developments including increases in overseas seafood production and industry consolidation; availability and price of seafood raw materials and finished goods and the impact of geopolitical events (and related economic sanctions) on the same; the impact of the U.S. Trade Representative's tariffs on certain seafood products; costs of commodity products and other production inputs, and the ability to pass cost increases on to customers; successful integration of acquired operations; potential increases in maintenance and operating costs; shifts in market demands for seafood; performance of new products launched and existing products in the market place; changes in laws and regulations, including environmental, taxation and regulatory requirements; technology changes with respect to production and other equipment and software programs; enterprise resource planning system risk; adverse impacts of cybersecurity attacks or breach of sensitive information; supplier fulfillment of contractual agreements and obligations; competitor reactions; High Liner Foods' ability to generate adequate cash flow or to finance its future business requirements through outside sources; credit risk associated with receivables from customers; volatility associated with the funding status of the Company's post-retirement pension benefits; adverse weather conditions and natural disasters; the availability of adequate levels of insurance; management retention and development; and the potential impact of a pandemic outbreak of a contagious illness, such as the 2019 coronavirus/COVID-19 pandemic, on general economic and business conditions and therefore the Company's operations and financial performance.

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

COMPANY OVERVIEW

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

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

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

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

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

OUTLOOK

The Company is currently facing some global supply challenges that are largely due to macro-economic and pandemic related issues outside of the Company's control. High Liner Foods is managing the impact of the supply chain issues by drawing on the scale of its global supply chain and the diversification of specie, product, procurement and strong customer and supplier relationships to support its position. Despite these challenges, High Liner Foods remains confident in its ability to continue to drive Adjusted EBITDA growth in 2021.

With a strong balance sheet and further improved cash flow, the Company is well equipped to invest in the business, with anticipated capital expenditures of approximately $20.0 million in Fiscal 2021, an increase over the average capital investment in the business over the past three years as the Company sought to conserve cash and strengthen its financial position.

Furthermore, the Company remains confident in its liquidity position as a result of its prudent cash management, early refinancing of debt in late 2019 and the term loan facility repricing in March 2021 that is expected to save the Company approximately $2.0 million in annual cash interest expense at current borrowings and LIBOR rates. The Company does not have any impending debt maturities and will continue to utilize its $150.0 million working capital credit facility if required. The Company currently has no borrowings on this facility.

RECENT DEVELOPMENTS

COVID-19 Pandemic

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

Starting mid-March 2020, High Liner Foods experienced a surge in demand from its retail customers tied to COVID-19 due to consumer trends shifting toward eating at home as a result of social distancing restrictions. As restrictions began to be lifted, the surge in demand eased, but the overall impact of COVID-19 on the Company's retail business continued to be positive throughout Fiscal 2020. The Company was able to meet the increased demand and satisfy its customers by redirecting resources, inventory and production capacity across its integrated North American operations. Over the same time period, the Company experienced a significant decline in its foodservice business, which represented approximately 65% of the total business in 2019, as a result of foodservice industry closures that include restaurants and schools across North America. Though the overall impact of COVID-19 on the Company's foodservice business was negative, demand from the Company's institutional customers, such as long-term and health care facilities, remained relatively stable. Since the initial impact of COVID-19 in March and April, foodservice demand has steadily improved and continues to improve as restrictions are lifted and the Company's foodservice customers re-open for business. At the same time, the positive impact of COVID-19 on the Company's retail business has lessened as consumers return to eating at foodservice establishments.

Throughout the majority of the pandemic, the impact of COVID-19 on the Company's overall supply chain has been minimal. There have been no significant issues with the procurement of raw materials and ingredients, and there were limited interruptions in transportation and warehousing activities until the latter half of the first quarter of 2021 when the Company started to experience supply challenges and rising freight costs due to global shipping container shortages largely related to higher than normal demand as the economy recovers from COVID-19.

During the thirteen weeks ended April 3, 2021, the Company participated in the Canada Emergency Wage Subsidy government grant program ("wage subsidy"), which in general provides wage subsidies to eligible employers as a means of limiting job losses in Canada. During the period, the Company recognized $0.9 million in income-related wage subsidies as a reduction of salaries and benefits expense recognized in cost of sales, distribution expenses and selling, general and administrative expenses in the consolidated statements of income. The Company does not have any unfulfilled conditions or contingencies related to the government assistance received.

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

See the Risk Factors section beginning on page 21 of this MD&A for further discussion of the impact of COVID-19 on the Company's risk assessment.

U.S. Tariffs

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

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

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

During December 2019, the Company received notice of approval of an exclusion request submitted to the USTR regarding tariffs on certain goods imported to the U.S. from China. The exclusion applied to tariffs already incurred, or that would otherwise have been incurred, on specific goods from September 24, 2018 to August 7, 2020 and may result in the recovery of tariffs previously paid by the Company.

During August 2020, 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 that would otherwise have been incurred on specific goods from August 8, 2020 to December 31, 2020. The tariffs have since been reinstated following the expiry of the exclusion on December 31, 2020.

The estimated annual run-rate exposure of the 25% tariff is approximately $6.4 million based on current volume and raw material costs; however, the Company has implemented plans, including pricing actions and other supply chain initiatives, to mitigate the impact of these tariffs and reduce the estimated impact to the Company.

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

Refinancing of Term Loan Facility

During March 2021, the Company announced the refinancing of its term loan facility (see Note 5 "*Long-term debt*" to the Consolidated Financial Statements for further information). The term loan facility was amended to decrease the applicable interest rates for loans under the facility from LIBOR plus 4.25% (1.00% LIBOR floor) to LIBOR plus 3.75% (0.75% LIBOR floor). All other material terms of the facility remain unchanged, including the maturity date of October 2026.

The amendments to the facility were not assessed as a substantial modification, and as a result, the deferred finance costs related to the original facility continue to be amortized over the remaining term. In addition, the Company incurred finance costs of $0.9 million. As the net present value of the cash flows of the modified debt was lower than the carrying value of the original facility before the amendments, a modification gain of $7.8 million was recorded in finance (income) costs on the consolidated statements of income during the thirteen weeks ended April 3, 2021.

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 $000s, except sales volume, per share amounts, percentage amounts, and exchange rates)		Thirteen weeks ended April 3, 2021		March 28, 2020		Change
Sales volume (millions of lbs)		**69.8**		77.3		**(7.5)**
Average foreign exchange rate (USD/CAD)	**$**	**1.2657**	$	1.3414	**$**	**(0.0757)**
Sales	**$**	**243,413**	$	268,588	**$**	**(25,175)**
Gross profit	**$**	**57,677**	$	58,768	**$**	**(1,091)**
Gross profit as a percentage of sales		**23.7%**		21.9%		**1.8%**
Distribution expenses	**$**	**12,963**	$	12,845	**$**	**118**
Selling, general and administrative expenses	**$**	**25,101**	$	20,531	**$**	**4,570**
Adjusted EBITDA (1)	**$**	**27,803**	$	30,705	**$**	**(2,902)**
Adjusted EBITDA as a percentage of sales		**11.4%**		11.4%		**—%**
Net income	**$**	**17,828**	$	14,227	**$**	**3,601**
Basic Earnings per Share ("EPS")	**$**	**0.53**	$	0.42	**$**	**0.11**
Diluted EPS	**$**	**0.51**	$	0.41	**$**	**0.10**
Adjusted Net Income (1)	**$**	**14,060**	$	14,288	**$**	**(228)**
Adjusted Basic EPS	**$**	**0.41**	$	0.42	**$**	**(0.01)**
Adjusted Diluted EPS (1)	**$**	**0.40**	$	0.41	**$**	**(0.01)**
Total assets	**$**	**747,925**	$	791,883	**$**	**(43,958)**
Total long-term financial liabilities	**$**	**272,891**	$	313,828	**$**	**(40,937)**
Dividends paid per common share (in CAD)	**$**	**0.070**	$	0.050	**$**	**0.020**

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

COVID-19 Pandemic

The performance of the Company's consolidated North American operations, as discussed in the following sections, has been significantly impacted by COVID-19, and may continue to be impacted in future periods. See the *Recent Developments* section on page 4 of this MD&A for further information regarding the current and anticipated impacts of the COVID-19 pandemic and the Company's response.

Sales

Sales volume in the first quarter of 2021 decreased by 7.5 million pounds, or 9.7%, to 69.8 million pounds compared to 77.3 million pounds in the same period last year. In our foodservice business, sales volume was lower due to the impact of COVID-19 on our foodservice customers for the entire first quarter of 2021, whereas COVID-19 only impacted the first quarter of 2020 beginning in late March. In our retail business, sales volume was lower due to the surge in demand related to COVID-19 in the last two weeks of March 2020 that did not repeat during the first quarter of 2021. The decline in sales volume was partially offset by new business and new product sales.

Sales in the first quarter of 2021 decreased by $25.2 million, or 9.4%, to $243.4 million compared to $268.6 million in the same period last year. The decrease in sales reflects the lower sales volumes mentioned above partially offset by changes in sales mix. In addition, the stronger Canadian dollar in the first quarter of 2021 compared to the first quarter of 2020 increased the value of reported USD sales from our CAD-denominated operations by approximately $3.2 million relative to the conversion impact last year.

Gross Profit

Gross profit decreased in the first quarter of 2021 by $1.1 million, or 1.9%, to $57.7 million compared to $58.8 million in the same period last year and gross profit as a percentage of sales increased to 23.7% compared to 21.9% in the same period last year. The decrease in gross profit reflects the decrease in sales volume discussed above, partially offset by favorable changes in product mix reflected in the improved gross profit as a percentage of sales and reduced labour costs due to the estimated wage subsidies for which the Company was eligible during the first quarter of 2021.

In addition, the stronger Canadian dollar increased the value of reported USD gross profit from our Canadian operations in 2021 by approximately $0.9 million relative to the conversion impact last year.

Distribution Expenses

Distribution expenses, consisting of freight and storage, increased in the first quarter of 2021 by $0.2 million to $13.0 million compared to $12.8 million in 2020 primarily reflecting the higher freight costs related to COVID-19 as discussed in the *Recent Developments* section on page 4 of this MD&A, partially offset by the lower sales volumes previously mentioned and lower storage costs. As a percentage of sales, distribution expenses increased to 5.3% in the first quarter of 2021 compared to 4.8% in the same period in 2020.

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

		Thirteen weeks ended		
(Amounts in $000s)		**April 3, 2021**		**March 28, 2020**
SG&A expenses, as reported	**$**	**25,101**	$	20,531
Less:				
Share-based compensation expense (recovery) [1]		**2,505**		(485)
Depreciation and amortization expense [1]		**2,586**		2,687
SG&A expenses, net	**$**	**20,010**	$	18,329
SG&A expenses, net as a percentage of sales		**8.2%**		6.8%

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

SG&A expenses increased by $4.6 million to $25.1 million in the first quarter of 2021 as compared to $20.5 million in the same period last year. SG&A expenses included share-based compensation expense of $2.5 million in the first quarter of 2021 compared to a recovery of $0.5 million in the same period last year, primarily due to improved share price performance in the first quarter of 2021 compared to 2020. SG&A expenses also included depreciation and amortization expense of $2.6 million in the first quarter of 2021 compared to $2.7 million in the same period last year.

Excluding share-based compensation and depreciation and amortization expenses, SG&A expenses increased in the first quarter of 2021 by $1.7 million to $20.0 million compared to $18.3 million in 2020, due to higher consumer marketing expenditures in the current year primarily related to advertising in the U.S. retail business. This was partially offset by lower variable selling costs largely related to the lower sales volume mentioned previously, lower administrative expenses related to travel restrictions, other cost reductions and the estimated wage subsidies for which the Company was eligible during the first quarter of 2021. As a percentage of sales, SG&A excluding share-based compensation and depreciation and amortization expense increased to 8.2% in the first quarter of 2021 compared to 6.8% in 2020.

Adjusted EBITDA

We refer to Adjusted EBITDA throughout this MD&A in discussing our results for the thirteen weeks ended April 3, 2021. See the *Non-IFRS Financial Measures* section on page 17 for further explanation of this non-IFRS measure.

Adjusted EBITDA decreased in the first quarter of 2021 by $2.9 million, or 9.4%, to $27.8 million compared to $30.7 million in the same period last year and as a percentage of sales, Adjusted EBITDA remained consistent with the prior year at 11.4%. The decrease in Adjusted EBITDA is a result of the decrease in gross profit, and an increase in distribution and net SG&A expenses, all discussed previously.

In addition, the stronger Canadian dollar increased the value of reported Adjusted EBITDA in USD from our Canadian operations in 2021 by approximately $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 16 for further explanation of these non-IFRS measures.

Net income increased in the first quarter of 2021 by $3.6 million, or 25.4%, to $17.8 million ($0.51 per diluted share) compared to $14.2 million ($0.41 per diluted share) in the same period last year. The increase in net income reflects a decrease in finance costs primarily reflecting the gain on modification of debt related to the debt refinancing completed in March 2021 (see the *Recent Developments* section on page 4 of this MD&A) and a decrease in income tax expense as discussed in the *Income Taxes* section on page 11 of this MD&A. This was partially offset by the decrease in Adjusted EBITDA and an increase in share-based compensation expense, both discussed previously.

In the first quarter of 2021 and 2020, net income included "business acquisition, integration and other expense" (as explained in the *Business Acquisition, Integration and Other Expense* section on page 10 of this MD&A) related to certain non-routine expenses. Excluding the impact of these non-routine items, other non-cash expenses, share-based compensation and the gain on modification of debt in the first quarter of 2021, Adjusted Net Income in the first quarter of 2021 decreased by $0.2 million, or 1.4%, to $14.1 million compared to $14.3 million in the same period last year.

Adjusted Diluted EPS decreased $0.01 in the first quarter of 2021 to $0.40 compared to $0.41 in the same period last year.

RESULTS BY QUARTER

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

(Amounts in $000s, except per share amounts)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Sales	**$243,413**	$198,415	$194,621	$165,829	$268,588	$221,625	$220,141	$223,034	$277,424
Adjusted EBITDA [(1)]	**$ 27,803**	$ 21,185	$ 19,068	$ 17,087	$ 30,705	$ 18,771	$ 16,455	$ 17,883	$ 32,215
Net Income (Loss)	**$ 17,828**	$ 7,372	$ 3,821	$ 3,382	$ 14,227	$ (3,019)	$ (2,400)	$ 946	$ 14,762
Adjusted Net Income [(1)]	**$ 14,060**	$ 10,315	$ 5,948	$ 4,660	$ 14,288	$ 5,675	$ 3,857	$ 4,680	$ 14,925
EPS, based on Net Income (Loss)									
Basic	**$ 0.53**	$ 0.22	$ 0.11	$ 0.10	$ 0.42	$ (0.09)	$ (0.07)	$ 0.03	$ 0.44
Diluted	**$ 0.51**	$ 0.21	$ 0.11	$ 0.10	$ 0.41	$ (0.09)	$ (0.07)	$ 0.03	$ 0.43
EPS, based on Adjusted Net Income [(1)]									
Basic	**$ 0.41**	$ 0.30	$ 0.18	$ 0.14	$ 0.42	$ 0.17	$ 0.11	$ 0.14	$ 0.44
Diluted [(1)]	**$ 0.40**	$ 0.29	$ 0.18	$ 0.14	$ 0.41	$ 0.17	$ 0.11	$ 0.13	$ 0.44
Dividends paid per common share (CAD)									
	$ 0.070	$ 0.070	$ 0.050	$ 0.050	$ 0.050	$ 0.050	$ 0.050	$ 0.050	$ 0.145
Net non-cash working capital [(2)]									
	$188,063	$193,960	$199,569	$234,348	$252,323	$239,176	$201,289	$209,791	$230,412

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

BUSINESS ACQUISITION, INTEGRATION AND OTHER EXPENSE

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

	Thirteen weeks ended	
(Amounts in $000s)	April 3, 2021	March 28, 2020
Business acquisition, integration and other expense	**$ 380**	$ 505

Business acquisition, integration and other expense for the thirteen weeks ended April 3, 2021 and March 28, 2020 included certain non-routine expenses.

FINANCE (INCOME) COSTS

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

	Thirteen weeks ended	
(Amounts in $000s)	**April 3, 2021**	**March 28, 2020**
Interest paid in cash during the period	**$ 4,604**	$ 4,784
Change in cash interest accrued during the period	**(841)**	603
Total interest to be paid in cash	**3,763**	5,387
Modification gain related to debt refinancing activities [1]	**(7,901)**	—
Interest expense on lease liabilities	**274**	247
Deferred financing cost & modification loss amortization	**329**	(114)
Total finance (income) costs	**$ (3,535)**	$ 5,520

[1] The thirteen weeks ended April 3, 2021 includes a gain on the modification of debt related to the debt refinancing completed in March 2021 (see the *Recent Developments* section on page 4 of this MD&A).

Finance costs were $9.0 million lower in the first quarter of 2021 compared to the same period last year due to the gain on the modification of debt related to the debt refinancing completed in March 2021 (see the *Recent Developments* section on page 4 of this MD&A), and decreased interest expense on both long and short-term debt.

INCOME TAXES

The Company's statutory tax rate for the thirteen weeks ended April 3, 2021 was 27.8% (thirteen weeks ended March 28, 2020: 28.2%). The Company's effective income tax rate for the thirteen weeks ended April 3, 2021 was 21.7% (thirteen weeks ended March 28, 2020: 26.5%). The lower effective tax rate for the thirteen weeks ended April 3, 2021 compared to the prior year was primarily attributable to the Company's tax-efficient financing structure, lower statutory rates and the impact of tax recoveries in the U.S.

CONTINGENCIES

The Company has no material outstanding contingencies.

LIQUIDITY AND CAPITAL RESOURCES

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

Our capital management practices are described in Note 26 *"Capital management"* to the 2020 annual consolidated financial statements.

Working Capital Credit Facility

The Company entered into an amended $150.0 million asset-based working capital credit facility (the "Facility") in October 2019 with the Royal Bank of Canada as Administrative and Collateral agent, which expires by its amended terms in April 2023. There were no changes to the terms during the first quarter of 2021.

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 April 3, 2021 are also noted in the following table.

Per Credit Agreement		As at April 3, 2021
Canadian Prime Rate revolving loans, Canadian Prime Rate revolving and U.S. Prime Rate revolving loans, at their respective rates	plus 0.00% to 0.25%	plus 0.00%
Bankers' Acceptances ("BA") revolving loans, at BA rates	plus 1.25% to 1.75%	plus 1.25%
LIBOR revolving loans at LIBOR, at their respective rates	plus 1.25% to 1.75%	plus 1.25%
Letters of credit, with fees of	1.25% to 1.75%	1.25%
Standby fees, required to be paid on the unutilized facility, of	0.25%	0.25%

Average short-term borrowings outstanding during the first quarter of 2021 were $nil compared to $56.8 million in the same period last year. The $56.8 million decrease in average short-term borrowings primarily reflects lower working capital requirements during the first quarter of 2021 as compared to the first quarter of 2020 and increased short-term borrowings during the first quarter of 2020 to support operations as a result of COVID-19 (see the *Recent Developments* section on page 4 of this MD&A).

At the end of the first quarter of 2021, the Company had $125.9 million (March 28, 2020: $72.0 million) of unused borrowing availability, taking into account both current borrowing base and letters of credit, which reduce the availability under the working capital credit facility. On April 3, 2021, letters of credit and standby letters of credit were outstanding in the amount of $12.7 million (March 28, 2020: $10.4 million) to support raw material purchases and to secure certain contractual obligations, including those related to the Company's Supplemental Executive Retirement Plan ("SERP").

The facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in North America, subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility. A second charge over the Company's property, plant and equipment is also in place. Additional details regarding the Company's working capital credit facility are provided in Note 4 *"Bank loans"* to the Consolidated Financial Statements.

In the absence of any major acquisitions, voluntary loan repayments or unplanned capital expenditures, we expect average short-term borrowings in 2021 to be lower than 2020. We believe the asset-based working capital credit facility should be sufficient to fund all of the Company's anticipated cash requirements.

Term Loan Facility

As at April 3, 2021, the Company had a $300.0 million term loan facility with an interest rate of LIBOR plus 3.75% (LIBOR floor of 0.75%), maturing in October 2026. During the the first quarter of 2021 the Company repriced this Term Loan B facility to bear interest at LIBOR plus 3.75% and a LIBOR floor of 0.75% (previously 4.25% and 1.00%, respectively) (see the *Recent Developments* section on page 4 of this MD&A). All other material terms of the loan remain unchanged, including the maturity date previously noted. The Company expects to save approximately $2.0 million of annual cash interest expense at current borrowings and LIBOR rates as a result of this amendment.

Quarterly repayments of $1.9 million are required on the term loan as regularly scheduled repayments. On an annual basis, based on a leverage test, additional prepayments could be required of up to 50% of the previous year's defined excess cash flow ("mandatory prepayments"). Per the loan agreement, mandatory prepayments and voluntary repayments will be applied to future regularly scheduled principal repayments. During the thirteen weeks ended April 3, 2021, a regularly scheduled repayment of $1.9 million was made and a mandatory prepayment of $20.2 million was made due to excess cash flows in 2020. Under the March 2021 refinanced term loan agreement, quarterly principal repayments remain at $1.9 million and are required on the term loan as regularly scheduled repayments. Any mandatory and voluntary repayments made prior to the time of refinancing are not applied to future regularly scheduled principal repayments, and as such, the Company expects to make the regularly scheduled principal repayments during the remainder of 2021.

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

During the thirteen weeks ended April 3, 2021, 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:					
April 4, 2016	April 24, 2021	3-month LIBOR (floor 1.0%)	1.6700%	$	40.0
January 4, 2018	April 24, 2021	3-month LIBOR (floor 1.0%)	2.2200%	$	80.0
March 4, 2020	December 31, 2025	3-month LIBOR (floor 1.0%)	1.4950%	$	20.0

As of April 3, 2021, the combined impact of the outstanding interest rate swaps listed above effectively fix the interest rate on $140.0 million of the $300.0 million face value of the term loan and the remaining portion of the debt continues to be at variable interest rates. As such, we expect that there will be fluctuations in interest expense due to changes in interest rates when LIBOR is higher than the embedded floor of 0.75%.

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

Net Debt

The Company's Net Debt (as calculated in the *Non-IFRS Financial Measures* section on page 19 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 $110.9 million to $244.8 million at April 3, 2021 compared to $355.7 million at March 28, 2020, reflecting repayments of long-term debt during the first quarter of 2021, a decrease in current bank loans, a higher cash balance as at April 3, 2021 as compared to March 28, 2020 and lower lease liabilities in the first quarter of 2021 as compared to the first quarter of 2020.

Net Debt to rolling twelve-month Adjusted EBITDA (see the *Non-IFRS Financial Measures* section on page 17 of this MD&A for further discussion of Adjusted EBITDA) was 2.9x at April 3, 2021 compared to 3.0x at January 2, 2020 and 3.0x at March 28, 2020. In the absence of any major acquisitions or unplanned capital expenditures in 2021, we expect this ratio to remain below the Company's long-term target of 3.0x at the end of Fiscal 2021.

		Twelve months ended		
(Amounts in $000s, except as otherwise noted)		**April 3, 2021**		**January 2, 2021**
Net Debt	**$**	**244,780**	$	267,968
Adjusted EBITDA	**$**	**85,143**	$	88,045
Net Debt to Adjusted EBITDA ratio (times)		**2.9x**		3.0x

Capital Structure

At April 3, 2021, Net Debt was 43.9% of total capitalization compared to 56.5% at March 28, 2020.

(Amounts in $000s)	April 3, 2021	January 2, 2021	March 28, 2020
Net Debt	**$ 244,780**	$ 267,968	$ 355,668
Shareholders' equity	**312,513**	291,002	273,267
Unrealized losses on derivative financial instruments included in AOCI	**460**	1,289	421
Total capitalization	**$ 557,753**	$ 560,259	$ 629,356
Net Debt as percentage of total capitalization	**43.9%**	47.8%	56.5%

Using our April 3, 2021 market capitalization of $353.6 million, based on a share price of CAD$13.29 (USD$10.57 equivalent), instead of the book value of equity, Net Debt as a percentage of total capitalization decreases to 40.9%.

Cash Flow

		Thirteen weeks ended	
(Amounts in $000s)	April 3, 2021	March 28, 2020	Change
Net cash flows provided by operating activities	**$ 26,552**	$ 2,042	$ 24,510
Net cash flows (used in) provided by financing activities	**(26,172)**	12,401	(38,573)
Net cash flows used in investing activities	**(1,600)**	(1,088)	(512)
Foreign exchange increase (decrease) on cash	**1,466**	(1,501)	2,967
Net change in cash during the period	**$ 246**	$ 11,854	$ (11,608)

Cash Flows from Operating Activities

Cash inflows from operating activities were $24.5 million higher in the first quarter of 2021 compared to the same period last year. The increase in cash inflows in the first quarter of 2021 was due to favorable changes in net non-cash working capital, partially offset by lower cash flows from operations. The favorable changes in net non-cash working capital are the result of more favorable changes in accounts payable and accrued liabilities and accounts receivable, partially offset by less favorable changes in inventories.

Cash Flows from Financing Activities

Cash outflows from financing activities were $38.6 million higher in the first quarter of 2021 compared to the same period last year. The increase in cash outflows in the first quarter of 2021 was due to the higher repayments of long term debt in the current year and higher short-term borrowings in the same period last year discussed previously (see the *Liquidity and Capital Resources* section beginning on page 11 of this MD&A).

Cash Flows from Investing Activities

Cash outflows from investing activities were $0.5 million higher in the first quarter of 2021 compared to the same period last year due to increased capital expenditures.

Standardized Free Cash Flow

Standardized Free Cash Flow (see the *Non-IFRS Financial Measures* section on page 18 for further explanation of Standardized Free Cash Flow) for the twelve months ended April 3, 2021 increased by $49.2 million to an inflow of $69.0 million compared to an inflow of $19.8 million for the twelve months ended March 28, 2020. This increase reflects favorable changes in non-cash working capital during the twelve months ended April 3, 2021 as compared to the twelve months ended March 28, 2020.

Net Non-Cash Working Capital

(Amounts in $000s)		April 3, 2021		January 2, 2021		Change
Accounts receivable	**$**	**79,070**	$	60,927	**$**	**18,143**
Inventories		**210,359**		250,861		**(40,502)**
Prepaid expenses		**4,260**		4,176		**84**
Accounts payable and accrued liabilities		**(102,339)**		(118,677)		**16,338**
Provisions		**(3,287)**		(3,327)		**40**
Net non-cash working capital	**$**	**188,063**	$	193,960	**$**	**(5,897)**

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 $5.9 million to $188.1 million at April 3, 2021 as compared to $194.0 million at January 2, 2021, primarily reflecting lower inventories, partially offset by higher accounts receivable and lower accounts payable and accrued liabilities.

Our working capital requirements fluctuate during the year, usually peaking between December and March as our inventory is the highest at that time. Going forward, we expect the trend of inventory peaking between December and March to continue, and believe we have enough availability on our working capital credit facility to finance our working capital requirements throughout the remainder of 2021.

Capital Expenditures

Gross capital expenditures (including computer software) were $1.6 million for the first quarter of 2021, or $0.5 million higher than capital expenditures of $1.1 million during the same quarter last year.

Excluding strategic initiatives that may arise, management expects capital expenditures in 2021 will be approximately $20.0 million and funded by cash generated from operations and short-term borrowings.

Dividends

The Company paid a CAD$0.070 per share quarterly dividend on March 15, 2021 to common shareholders of record on March 3, 2021.

On May 18, 2021, the Company's Board of Directors approved a quarterly dividend of CAD$0.070 per share on the Company's common shares, payable on June 15, 2021 to holders of record on June 1, 2021. These dividends are considered "eligible dividends" for Canadian income tax purposes.

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

- Under the working capital credit facility, Average Adjusted Aggregate Availability, as defined in the credit agreement, needs to be $18.8 million or higher and was $142.2 million on April 3, 2021, and NCIBs are subject to an annual limit of $10.0 million with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum; and
- Under the term loan facility, dividends cannot exceed $17.5 million per year. This amount increases to the greater of $25.0 million per year or 32.5% of EBITDA as defined in the loan agreement when the defined total leverage ratio is below 4.0x. The defined total leverage ratio was 2.9x on April 3, 2021. NCIBs are subject to an annual limit of $10.0 million under the term loan facility with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum.

Contractual Obligations

Contractual obligations relating to our bank loans, long-term debt, lease liabilities, and purchase obligations as at April 3, 2021 were as follows:

		Payments Due by Period		
(Amounts in $000s)	Total	Less than 1 year	1–5 Years	Thereafter
Long-term debt	**$ 335,796**	$ 21,778	$ 80,772	$ 233,246
Lease liabilities	**16,573**	5,789	10,445	339
Purchase obligations	**166,039**	166,039	—	—
Total contractual obligations	**$ 518,408**	$ 193,606	$ 91,217	$ 233,585

Purchase obligations are for the purchase of seafood and other non-seafood inputs, including flour, paper products and frying oils. See the *Procurement* risk section of the 2020 Annual Report and the *Foreign Currency* section on page 22 of this MD&A for further details.

Financial Instruments and Risk Management

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

Readers are directed to Note 12 *"Fair value measurement"* of the Consolidated Financial Statements for a complete description of the Company's use of derivative financial instruments and their impact on the financial results, and to Note 27 *"Financial risk management objectives and policies"* of the 2020 annual consolidated financial statements for further discussion of the Company's financial risks and policies.

Disclosure of Outstanding Share Data

On May 18, 2021, 33,350,940 common shares and 1,677,518 options were outstanding. The options are exercisable on a one-for-one basis for common shares of the Company.

RELATED PARTY TRANSACTIONS

The Company had no related party transactions, excluding key management personnel compensation, for the thirteen weeks ended April 3, 2021 and March 28, 2020.

Refer to Note 23 *"Related party disclosures"* to the 2020 annual consolidated financial statements for a further description of the Company's related party transactions, which are substantially unchanged in 2021.

NON-IFRS FINANCIAL MEASURES

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

Adjusted EBITDA

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

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

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

		Thirteen weeks ended		
(Amounts in $000s)		**April 3, 2021**		**March 28, 2020**
Net income	**$**	**17,828**	$	14,227
Add back:				
Depreciation and amortization		**5,718**		5,827
Finance (income) costs [(1)]		**(3,535)**		5,520
Income tax expense		**4,940**		5,140
Standardized EBITDA		**24,951**		30,714
Add back (deduct):				
Business acquisition, integration and other expense		**346**		505
Gain on disposal of assets		**(6)**		(40)
Share-based compensation expense (recovery)		**2,512**		(474)
Adjusted EBITDA	**$**	**27,803**	$	30,705

(1) The thirteen weeks ended April 3, 2021 includes a gain on the modification of debt related to the debt refinancing completed in March 2021 (see the *Recent Developments* section on page 4 of this MD&A).

Adjusted Net Income and Adjusted Diluted EPS

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

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

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

		Thirteen weeks ended April 3, 2021			Thirteen weeks ended March 28, 2020	
		$000s	Diluted EPS		$000s	Diluted EPS
Net income	$	**17,828**	$ **0.51**	$	14,227	$ 0.41
Add back (deduct):						
Business acquisition, integration and other expense		**346**	**0.01**		505	0.01
Finance income [1]		**(7,901)**	**(0.23)**		—	—
Share-based compensation expense (recovery)		**2,512**	**0.07**		(474)	(0.01)
Tax impact of reconciling items	$	**1,275**	$ **0.04**	$	30	$ —
Adjusted Net Income	$	**14,060**	$ **0.40**	$	14,288	$ 0.41
Average shares for the period (000s)			**35,117**			34,404

[1] The thirteen weeks ended April 3, 2021 includes a gain on the modification of debt related to the debt refinancing completed in March 2021 (see the *Recent Developments* section on page 4 of this MD&A).

Standardized Free Cash Flow

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

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

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

		Twelve months ended			
(Amounts in $000s)		**April 3, 2021**		**March 28, 2020**	**Change**
Net change in non-cash working capital items	$	**18,373**	$	(30,985)	$ **49,358**
Cash flow from operating activities, including interest and income taxes		**57,743**		57,632	**111**
Cash flow from operating activities		**76,116**		26,647	**49,469**
Less: total capital expenditures, net of investment tax credits		**(7,081)**		(6,816)	**(265)**
Standardized Free Cash Flow	$	**69,035**	$	19,831	$ **49,204**

Net Debt

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.

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

(Amounts in $000s)	April 3, 2021	January 2, 2021	March 28, 2020
Current bank loans	**$ —**	$ —	$ 67,382
Add-back: deferred finance costs included in current bank loans	**—**	—	379
Total current bank loans	**—**	—	67,761
Long-term debt	**249,840**	268,048	288,649
Current portion of long-term debt	**7,500**	20,185	—
Add-back: deferred finance costs included in long-term debt	**6,692**	5,979	6,832
Less: loss on modification of debt (1)	**(777)**	(8,897)	(10,165)
Total term loan debt	**263,255**	285,315	285,316
Long-term portion of lease liabilities	**9,778**	10,722	12,716
Current portion of lease liabilities	**4,928**	4,866	4,873
Total lease liabilities	**14,706**	15,588	17,589
Less: cash	**(33,181)**	(32,935)	(14,998)
Net Debt	**$ 244,780**	$ 267,968	$ 355,668

(1) A loss on the modification of debt related to the debt refinancing completed in October 2019, partially offset by a gain on modification of debt related to the refinancing completed in March 2021 (see the *Recent Developments* section on page 4 of this MD&A), has been excluded from the calculation of Net Debt as it does not represent the expected cash outflows from the term loan facility.

GOVERNANCE

In accordance with National Instrument 52-109 "*Certification of Disclosure in Issuers' Annual and Interim Filings*", our certifying officers have evaluated the design effectiveness of Disclosure Controls and Procedures ("DC&P"), and our Company's Internal Control over Financial Reporting ("ICFR"). There were no changes in the Company's ICFR during the period beginning on January 3, 2021 and ending on April 3, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

ACCOUNTING ESTIMATES AND STANDARDS

Critical Accounting Estimates

Critical accounting judgments and estimates used in preparing our Consolidated Financial Statements are described in the Company's 2020 Annual Report. The preparation of the Company's Consolidated Financial Statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of sales, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. The potential impacts on the Company's most significant estimates and judgements of COVID-19 (see the *Recent Developments* section on page 4 of this MD&A) include, but are not limited to, increased risk of potential impairment charges to the carrying amounts of goodwill, indefinite-lived intangible assets and long-lived assets; and, increased volatility in fair value measurements and future employee benefits, as a result of fluctuating market inputs. Actual outcomes may differ from these estimates under different assumptions and conditions that could require a material adjustment to the reported carrying amounts in the future.

Accounting Standards

The accounting policies used in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Company's audited consolidated financial statements for the year ended January 2, 2021, except for the adoption of the following standard and new amendments that were effective for annual periods beginning on January 1, 2021 and that the Company adopted on January 3, 2021:

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

On August 27, 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 which includes amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases, and concludes phase two of its work to respond to the effects of IBOR reform on financial reporting. The amendments address the issues that affect financial reporting at the time that an existing interest rate benchmark is replaced with an RFR. The amendments are effective for annual periods beginning on or after January 1, 2021 and must be applied retrospectively, with early adoption permitted.

The Company holds interest rate swaps (see Note 12 "*Fair value measurement*" to the Consolidated Financial Statements) to hedge the interest rate risk resulting from the term loan facility (see Note 5 "*Long-term debt"* to the Consolidated Financial Statements). The term loan facility has an applicable interest rate for loans under the facility of LIBOR plus 3.75% (0.75% LIBOR floor). The Company is actively managing the process to transition existing contracts using LIBOR to an alternative RFR and to ensure that upon transition, hedge effectiveness will be maintained. The Company has not applied significant judgement in applying these amendments as the impact of the IBOR reform on the Company's hedge accounting is assessed as low.

The Company has assessed interest rate swaps with a maturity date subsequent to December 31, 2021 as being directly impacted by the IBOR reform and therefore subject to the amendments. As at April 3, 2021, there is one interest rate swap contract with a maturity date subsequent to December 31, 2021. The terms of this contract are disclosed in Note 12 "*Fair value measurement*" to the Consolidated Financial Statements.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied. The Company has adopted the amendments to IFRS 9, IAS 39 and IFRS 7 on a retrospective basis, which had no impact on the Consolidated Financial Statements.

IFRS 16, *Leases*

On May 28, 2020, the IASB issued an amendment to IFRS 16 *Leases* intended to provide practical relief to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic. The amendments to IFRS 16 for COVID-19 related rent concessions are to:

- Provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification;

- Require lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications;
- Require lessees that apply the exemption to disclose the fact; and
- Require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require restatement of prior periods.

The amendment is effective annual periods beginning on or after June 1, 2020 with early application permitted. The Company has adopted the amendments to IFRS 16, which had no impact on the Consolidated Financial Statements.

IFRS 9, *Financial Instruments*

In May 2020, the IAS issued annual improvements to IFRS Standards 2018-2020, which included amendments to IFRS 9 to clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective annual periods beginning on or after January 1, 2022 with early application permitted. The Company has adopted the amendments to IFRS 9, in relation to the March 2021 debt repricing (see Note 5).

RISK FACTORS

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

Readers should refer to the 2020 Annual Report and AIF for a more detailed description of risk factors applicable to the Company, which are available at www.sedar.com and at www.highlinerfoods.com. We have updated certain risk factors below for the first quarter of 2021.

COVID-19 Pandemic

In March 2020, the COVID-19 outbreak was recognized as a pandemic by the WHO. COVID-19 has continued to spread globally, including in the markets in which the Company operates, and is having a significant impact on general economic conditions on a global scale. In response to the WHO declaration and continuing spread of COVID-19, several social distancing measures have been, and may continue to be, taken by the Company and third parties including governments, regulatory authorities, businesses and the Company's customers, that could negatively impact the Company's operations and financial results in future periods.

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

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

- An increased risk of supply chain disruption, including:

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

During the thirteen weeks ended April 3, 2021, the Company has experienced no material impact associated with the above risks, with the exception of the reduced demand for products in the foodservice business. The current economic, operating and capital market environment has led to an increased emphasis on liquidity and capital management. Management remains focused on ensuring sufficient liquidity exists, and through the Company's strengthened balance sheet, the Company has significant excess liquidity at April 3, 2021. However, due to the uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic, including the results of measures taken to slow the spread and the broader impact COVID-19 may have on the North American and global economies or financial markets, we are unable at this time to accurately predict the overall impact on our operations, liquidity, financial condition, or results. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Company.

Foreign Currency

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

The Canadian dollar strengthened relative to the U.S. dollar approximately 3.9% as of April 3, 2021 compared to March 28, 2020. The change in the Canadian dollar relative to the U.S. dollar is in part reflective of the impact of the COVID-19 pandemic on global markets. The future impact of COVID-19 on foreign currency is uncertain as the situation continues to unfold. On our balance sheet, this increases the USD carrying value of both CAD-denominated assets and liabilities and decreases the foreign exchange translation impact of our Canadian company included in accumulated other comprehensive income ("AOCI") in shareholders' equity. As our Canadian operations are a net importer of seafood and other products purchased in USD, a stronger CAD reduces its costs and a weaker CAD increases its costs in its CAD functional currency.

In order to minimize foreign exchange risk, we undertake hedging activities using various derivative products in accordance with the Company's "Price Risk Management Policy", which is approved and monitored by the Audit Committee. We hedge the USD costs of a portion of our raw material requirements and retail commodity products as sales price increases on these products take more time to implement. We generally do not hedge certain commodity foodservice products as the sales prices to our customers change frequently enough to capture foreign exchange fluctuations, but may do so from time to time. During the first quarter of 2021, our hedging activities resulted in an effective USD/CAD exchange rate of 1.2919 for inventory purchased in USD by our Canadian operations, compared to 1.3262 for the first quarter of 2020.

Our risk management strategy with respect to exposure to the Canadian dollar is fully explained in the MD&A in our 2020 Annual Report.

Geopolitical Risk

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

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

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

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

During August 2020, 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 that would otherwise have been incurred on specific goods from August 8, 2020 to December 31, 2020. The tariffs have since been reinstated following the expiry of the exclusion on December 31, 2020.

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

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

HIGH LINER FOODS

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the thirteen weeks ended April 3, 2021
With comparative figures as at and for the thirteen weeks ended March 28, 2020

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

	Notes	April 3, 2021	January 2, 2021
ASSETS			
Current assets			
Cash		**$ 33,181**	$ 32,935
Accounts receivable		**79,070**	60,927
Income taxes receivable		**1,723**	2,609
Other financial assets	**12**	**183**	211
Inventories		**210,359**	250,861
Prepaid expenses		**4,260**	4,176
Total current assets		**328,776**	351,719
Non-current assets			
Property, plant and equipment		**106,486**	107,221
Right-of-use assets		**14,004**	15,018
Deferred finance costs	**4**	**256**	287
Deferred income taxes	**9**	**26**	2,401
Other receivables and assets	**12**	**89**	47
Intangible assets		**140,447**	142,168
Goodwill		**157,841**	157,697
Total non-current assets		**419,149**	424,839
Total assets	**4, 5**	**$ 747,925**	$ 776,558
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**98,462**	114,326
Contract liability		**3,877**	4,351
Provisions		**3,287**	3,327
Other current financial liabilities	**12**	**2,160**	2,735
Other current liabilities	**8**	**3,669**	2,731
Income taxes payable		**1,285**	41
Current portion of long-term debt	**5**	**7,500**	20,185
Current portion of lease liabilities		**4,928**	4,866
Total current liabilities		**125,168**	152,562
Non-current liabilities			
Long-term debt	**5**	**249,840**	268,048
Other long-term financial liabilities	**12**	**27**	329
Other long-term liabilities	**8**	**4,912**	6,510
Long-term lease liabilities		**9,778**	10,722
Deferred income taxes	**9**	**32,441**	31,071
Future employee benefits	**6**	**13,246**	16,314
Total non-current liabilities		**310,244**	332,994
Total liabilities		**435,412**	485,556
Shareholders' equity			
Common shares	**7**	**113,798**	112,739
Contributed surplus		**16,480**	16,551
Retained earnings		**201,826**	183,649
Accumulated other comprehensive loss		**(19,591)**	(21,937)
Total shareholders' equity		**312,513**	291,002
Total liabilities and shareholders' equity		**$ 747,925**	$ 776,558

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Notes		Thirteen weeks ended April 3, 2021		March 28, 2020
Sales	**11**	**$**	**243,413**	$	268,588
Cost of sales			**185,736**		209,820
Gross profit			**57,677**		58,768
Distribution expenses			**12,963**		12,845
Selling, general and administrative expenses			**25,101**		20,531
Business acquisition, integration and other expense			**380**		505
Results from operating activities			**19,233**		24,887
Finance (income) costs	**5**		**(3,535)**		5,520
Income before income taxes			**22,768**		19,367
Income taxes					
Income tax expense	**9**		**4,940**		5,140
Net income		**$**	**17,828**	$	14,227
Earnings per common share					
Basic		**$**	**0.53**	$	0.42
Diluted		**$**	**0.51**	$	0.41
Weighted average number of shares outstanding					
Basic			**33,926,802**		33,738,635
Diluted			**35,116,571**		34,404,059

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Thirteen weeks ended	
	April 3, 2021	March 28, 2020
Net income	**$ 17,828**	$ 14,227
Other comprehensive income (loss), net of income tax		
Other comprehensive income (loss) to be reclassified to net income:		
Gain (loss) on hedge of net investment in foreign operations	**3,947**	(22,375)
(Loss) gain on translation of net investment in foreign operations	**(5,950)**	28,820
Translation impact on Canadian dollar denominated non-AOCI items	**3,920**	(16,359)
Translation impact on Canadian dollar denominated AOCI items	**(400)**	1,479
Total exchange gains (losses) on translation of foreign operations and Canadian dollar denominated items	**1,517**	(8,435)
Effective portion of changes in fair value of cash flow hedges	**(60)**	440
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**455**	131
Net change in fair value of cash flow hedges transferred to income	**317**	4
Translation impact on Canadian dollar denominated AOCI items	**117**	(600)
Total exchange gains (losses) on cash flow hedges	**829**	(25)
Net other comprehensive gain (loss) to be reclassified to net income	**2,346**	(8,460)
Other comprehensive income not to be reclassified to net income		
Defined benefit plan actuarial gains	**2,200**	673
Other comprehensive income (loss), net of income tax	**4,546**	(7,787)
Total comprehensive income	**$ 22,374**	$ 6,440

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

	Foreign currency translation differences	**Net exchange differences on cash flow hedges**	**Total accumulated other comprehensive (loss) income**
Balance at January 2, 2021	**$ (20,648)**	**$ (1,289)**	**$ (21,937)**
Total exchange losses on translation of foreign operations and Canadian dollar denominated items	**1,517**	**—**	**1,517**
Total exchange gains on cash flow hedges	**—**	**829**	**829**
Balance at April 3, 2021	**$ (19,131)**	**$ (460)**	**$ (19,591)**
Balance at December 28, 2019	$ (23,122)	$ (396)	$ (23,518)
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	(8,435)	—	(8,435)
Total exchange losses on cash flow hedges	—	(25)	(25)
Balance at March 28, 2020	$ (31,557)	$ (421)	$ (31,978)

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 2, 2021	**$ 112,739**	**$ 16,551**	**$ 183,649**	**$ (21,937)**	**$ 291,002**
Other comprehensive income	**—**	**—**	**2,200**	**2,346**	**4,546**
Net income	**—**	**—**	**17,828**	**—**	**17,828**
Common share dividends	**—**	**—**	**(1,851)**	**—**	**(1,851)**
Share-based compensation (Note 7, 8)	**1,059**	**(71)**	**—**	**—**	**988**
Balance at April 3, 2021	**$ 113,798**	**$ 16,480**	**$ 201,826**	**$ (19,591)**	**$ 312,513**
Balance at December 28, 2019	$ 112,887	$ 16,028	$ 162,773	$ (23,518)	$ 268,170
Other comprehensive loss	—	—	673	(8,460)	(7,787)
Net income	—	—	14,227	—	14,227
Common share dividends	—	—	(1,195)	—	(1,195)
Share-based compensation	—	141	—	—	141
Common shares repurchased for cancellation (Note 7)	(148)	—	(141)	—	(289)
Balance at March 28, 2020	$ 112,739	$ 16,169	$ 176,337	$ (31,978)	$ 273,267

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Notes	Thirteen weeks ended April 3, 2021	March 28, 2020
Cash flows provided by (used in):			
Operating activities			
Net income		**$ 17,828**	$ 14,227
Adjustments to net income not involving cash from operations:			
Depreciation and amortization		**5,718**	5,827
Share-based compensation expense (recovery)	**8**	**2,512**	(474)
Loss on asset disposals and impairment		**20**	2
Future employee benefits contribution, net of expense		**13**	(9)
Finance (income) costs		**(3,535)**	5,520
Income tax expense	**9**	**4,940**	5,140
Unrealized foreign exchange (gain) loss		**(320)**	137
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes refunded (paid)		**27,176**	30,370
Changes in non-cash working capital balances:			
Accounts receivable		**(17,860)**	(19,603)
Inventories		**41,605**	49,774
Prepaid expenses		**(47)**	(303)
Accounts payable and accrued liabilities		**(19,405)**	(53,251)
Provisions		**(44)**	115
Net change in non-cash working capital balances		**4,249**	(23,268)
Interest paid		**(4,604)**	(4,784)
Income taxes paid		**(269)**	(276)
Net cash flows provided by operating activities		**26,552**	2,042
Financing activities			
Increase in bank loans	**5**	**—**	30,007
Repayment of lease liabilities	**5**	**(1,249)**	(1,386)
Repayment of long-term debt	**5**	**(22,060)**	(14,685)
Deferred finance costs	**5**	**(1,012)**	(51)
Common share dividends paid		**(1,851)**	(1,195)
Common shares repurchased for cancellation		**—**	(289)
Net cash flows (used in) provided by financing activities		**(26,172)**	12,401
Investing activities			
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets		**(1,600)**	(1,088)
Net cash flows used in investing activities		**(1,600)**	(1,088)
Foreign exchange increase (decrease) on cash		**1,466**	(1,501)
Net change in cash during the period		**246**	11,854
Cash, beginning of period		**32,935**	3,144
Cash, end of period		**$ 33,181**	$ 14,998

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

1. Corporate information

High Liner Foods Incorporated (the "Company" or "High Liner Foods") is a company incorporated and domiciled in Canada. The address of the Company's registered office is 100 Battery Point, P.O. Box 910, Lunenburg, Nova Scotia, B0J 2C0. The Unaudited Condensed Interim Consolidated Financial Statements ("Consolidated Financial Statements") of the Company as at and for the thirteen weeks ended April 3, 2021, comprise High Liner Foods' Canadian company (the "Parent") and its subsidiaries (herein together referred to as the "Company" or "High Liner Foods"). The Company is primarily involved in the processing and marketing of prepared and packaged frozen seafood products.

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 18, 2021.

2. Basis of preparation

(a) Statement of compliance

These Consolidated Financial Statements are in compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 2, 2021, as set out in the 2020 Annual Report, available at www.highlinerfoods.com.

(b) Functional and presentation currency

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

(c) Seasonality of operations

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

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

The accounting policies used in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Company's Audited Consolidated Financial Statements for the year ended January 2, 2021, except for the adoption of the following standard and new amendments that were effective for annual periods beginning on January 1, 2021 and that the Company has adopted on January 3, 2021:

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

On August 27, 2020, the IASB issued *Interest Rate Benchmark Reform - Phase 2* which includes amendments to IFRS 9, *Financial Instruments,* IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts*, and IFRS 16, *Leases,* and concludes phase two of its work to respond to the effects of IBOR reform on financial reporting. The amendments address the issues that affect financial reporting at the time that an existing interest rate benchmark is replaced with an RFR. The amendments are effective for annual periods beginning on or after January 1, 2021 and must be applied retrospectively, with early adoption permitted.

The Company holds interest rate swaps (see Note 12) to hedge the interest rate risk resulting from the term loan facility (see Note 5). The term loan facility has an applicable interest rate for loans under the facility of LIBOR plus 3.75% (0.75% LIBOR floor). The Company is actively managing the process to transition existing contracts using LIBOR to an alternative RFR and to ensure that upon transition, hedge effectiveness will be maintained. The Company has not applied significant judgement in applying these amendments as the impact of the IBOR reform on the Company's hedge accounting is assessed as low.

The Company has assessed interest rate swaps with a maturity date subsequent to December 31, 2021 as being directly impacted by the IBOR reform and therefore subject to the amendments. As at April 3, 2021, there is one interest rate swap contract with a maturity date subsequent to December 31, 2021. The terms of this contract are disclosed in Note 12.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied. The Company has adopted the amendments to IFRS 9, IAS 39 and IFRS 7 on a retrospective basis, which had no impact on the Consolidated Financial Statements.

IFRS 16, *Leases*

On May 28, 2020, the IASB issued an amendment to IFRS 16 *Leases* intended to provide practical relief to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic. The amendments to IFRS 16 for COVID-19 related rent concessions are to:

- Provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification;
- Require lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications;
- Require lessees that apply the exemption to disclose the fact; and
- Require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require restatement of prior periods.

The amendment is effective annual periods beginning on or after June 1, 2020 with early application permitted. The Company has adopted the amendments to IFRS 16, which had no impact on the Consolidated Financial Statements.

IFRS 9, *Financial Instruments*

In May 2020, the IASB issued annual improvements to IFRS Standards 2018-2020, which included amendments to IFRS 9 to clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company has adopted the amendments to IFRS 9, in relation to the March 2021 debt repricing (see Note 5).

3. COVID-19 pandemic

In March 2020, the 2019 coronavirus disease outbreak ("COVID-19") was recognized as a pandemic by the World Health Organization ("WHO"). COVID-19 has continued to spread globally, including in the markets in which the Company operates, and is having a significant impact on general economic conditions on a global scale. In response to the WHO declaration and continuing spread of COVID-19, several social distancing measures have been taken by the Company and third parties including governments, regulatory authorities, businesses and the Company's customers, that have impacted financial results during the thirteen weeks ended April 3, 2021 and could impact future financial results.

The preparation of the Company's Consolidated Financial Statements requires management to make critical judgements, estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. The potential impacts on the Company's most significant estimates and judgements of COVID-19 include, but are not limited to, increased risk of potential impairment charges to the carrying amounts of goodwill, indefinite-lived intangible assets and long-lived assets; and, increased volatility in fair value measurements and future employee benefits, as a result of fluctuating market inputs. Other potential impacts of COVID-19 on the Company's financial position include, but are not limited to, increased concentration risk, particularly related to the Company's foodservice business; increased liquidity risk associated with the anticipated impacts on cash flows from operations of expected declines in sales volumes; increased credit risk resulting in increased expected credit losses on trade accounts receivable; increased risk of write-downs of inventories to net realizable value; and, increased product return liabilities associated with revenue from contracts with customers.

During the thirteen weeks ended April 3, 2021, the Company participated in the Canada Emergency Wage Subsidy government grant program, which in general provides wage subsidies to eligible employers as a means of limiting job losses in Canada. During the thirteen weeks ended April 3, 2021, the Company recognized $0.9 million in income-related wage subsidies as a reduction of salaries and benefits expense recognized in cost of sales, distribution expenses and selling, general and administrative expenses in the consolidated statements of income. The Company does not have any unfulfilled conditions or material contingencies related to the government assistance received.

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

4. Bank loans

(Amounts in $000s)		**April 3, 2021**		January 2, 2021
Bank loans, denominated in CAD (average variable rate of 2.45%; January 2, 2021: 2.45%)	**$**	**—**	$	—
Bank loans, denominated in USD (average variable rate of 3.5%; January 2, 2021: 3.5%)		**—**		—
		—		—
Less: deferred finance costs (1)		**—**		—
	$	**—**	$	—

(1) Total deferred finance costs as at April 3, 2021 and January 2, 2021 were $0.3 million and have been classified as non-current assets on the consolidated statements of financial position.

The Company has a $150.0 million working capital facility (the "Facility"), with the Royal Bank of Canada as Administrative Agent, which expires in April 2023. The Facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in North America, subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility (see Note 5). A second charge over the Company's property, plant and equipment is also in place. Taking into account the current borrowing base and letters of credit, as at April 3, 2021, the Company had $125.9 million of borrowing availability (January 2, 2021: $132.2 million) .

As at April 3, 2021 and January 2, 2021, the Facility allowed the Company to borrow:

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

5. Long-term debt

(Amounts in $000s)		**April 3, 2021**		January 2, 2021
Term loan	**$**	**264,032**	$	294,212
Less: current portion		**(7,500)**		(20,185)
		256,532		274,027
Less: deferred finance costs		**(6,692)**		(5,979)
	$	**249,840**	$	268,048

In March 2021, the Company amended the $300.0 million term facility to decrease the applicable interest rates for loans under the facility from LIBOR plus 4.25% (1.00% LIBOR floor) to LIBOR plus 3.75% (0.75% LIBOR floor). All other material terms of the facility remain unchanged, including the maturity date of October 2026. The amendments to the facility were not assessed as a substantial modification, and as a result, the deferred finance costs related to the original facility continue to be amortized over the remaining term. In addition, the Company incurred finance costs of $0.9 million. As the net present value of the cash flows of the modified debt was lower than the carrying value of the original facility before the amendments, a modification gain of $7.8 million was recorded in finance (income) costs on the consolidated statements of income during the thirteen weeks ended April 3, 2021. Excluding the impact of the modification gain on the carrying value, the principal balance outstanding of term loan debt was $263.3 million at April 3, 2021.

Prior to the March 2021 refinancing, quarterly principal repayments of $1.9 million were required on the term loan as regularly scheduled repayments. During the thirteen weeks ended April 3, 2021, a mandatory prepayment of $20.2 million was made due to excess cash flows in 2020. Under the March 2021 refinanced term loan agreement, quarterly principal repayments remain at $1.9 million and are required on the term loan as regularly scheduled repayments. Any mandatory and voluntary repayments made prior to the time of refinancing are not applied to future regularly scheduled principal repayments, and as such, the Company expects to make the regularly scheduled principal repayments during the remainder of 2021.

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

6. Employee benefits

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

Termination and short-term employee benefits are included on the following line items in the consolidated statements of income:

		Thirteen weeks ended		
(Amounts in $000s)		**April 3, 2021**		March 28, 2020
Termination benefits				
Selling, general and administrative expenses		**513**		410
	$	**513**	$	410
Short-term benefits				
Business acquisition, integration and other expense (income)	**$**	**61**	$	(72)
Selling, general and administrative expenses		**—**		32
	$	**61**	$	(40)

7. Share capital

Purchase of shares for cancellation
In March 2020, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. Purchases could commence on March 10, 2020 and terminated on March 9, 2021. During the thirteen weeks ended April 3, 2021, the Company did not purchase common shares under this plan prior to the expiry date. During the thirteen weeks ended March 28, 2020 the Company purchased 60,000 common shares under this plan at an average price of CAD$6.65 per share for total cash consideration of CAD$0.4 million. The excess of the purchase price over the book value of the shares in the amount of $0.1 million was charged to retained earnings. The Company did not issue a new Normal Course Issuer Bid in 2021.

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

	Thirteen weeks ended April 3, 2021			Thirteen weeks ended March 28, 2020		
	Shares		**($000s)**	Shares		($000s)
Balance, beginning of period	**33,323,481**	**$**	**112,739**	33,383,481	$	112,887
Options exercised for shares via cashless exercise method (Note 8)	**44,924**		**173**	—		—
Shares issued on redemption of PSU/RSUs (Note 8)	**83,405**		**886**	—		—
Shares repurchased for cancellation	**—**		**—**	(60,000)		(148)
Balance, end of period	**33,451,810**	**$**	**113,798**	33,323,481	$	112,739

During the thirteen weeks ended April 3, 2021, the Company distributed dividends per share of CAD$0.070 (thirteen weeks ended March 28, 2020: CAD$0.050).

On May 18, 2021, the Company's Board of Directors declared a quarterly dividend of CAD$0.070 per share, payable on June 15, 2021 to shareholders of record as of June 1, 2021.

8. Share-based compensation

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

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

The carrying amount of cash-settled share-based compensation arrangements recognized in other current liabilities and other long-term liabilities on the consolidated statements of financial position was $3.7 million and $4.9 million, respectively, as at April 3, 2021 (January 2, 2021: $2.7 million and $6.5 million, respectively).

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

		Thirteen weeks ended		
(Amounts in $000s)		**April 3, 2021**		March 28, 2020
Cost of sales resulting from:				
Equity-settled awards [1]	**$**	**7**	$	11
Selling, general and administrative expenses resulting from:				
Cash-settled awards [1]		**2,410**		(613)
Equity-settled awards [1]		**95**		128
Share-based compensation expense (recovery)	**$**	**2,512**	$	(474)

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

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

	Thirteen weeks ended April 3, 2021			Thirteen weeks ended March 28, 2020		
	No.		**WAEP (CAD)**	No.		WAEP (CAD)
Outstanding, beginning of period	**1,748,843**		**10.65**	1,717,416		12.53
Granted	**94,695**		**13.41**	271,276		7.51
Exercised for shares via cashless method [1]	**(122,497)**		**8.02**	—		—
Expired	**(259,932)**		**15.29**	(6,000)		19.26
Outstanding, end of period	**1,461,109**	**$**	**10.22**	1,982,692	$	11.82
Exercisable, end of period	**1,058,172**	**$**	**10.64**	1,124,027	$	14.02

[1] For the thirteen weeks ended April 3, 2021, 44,924 shares were issued related to options exercised via the cashless method (thirteen weeks ended March 28, 2020: nil shares). The weighted average share price at the date of exercise for these options was CAD$12.64 for the thirteen weeks ended April 3, 2021 (thirteen weeks ended March 28, 2020: $nil).

Set forth below is a summary of the outstanding options to purchase common shares as at April 3, 2021:

	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	555,860	$	7.48	3.42	276,251	$	7.47
$ 10.01–15.00	869,767		11.55	2.50	746,439		11.34
$ 20.01–25.00	35,482		20.61	1.00	35,482		20.61
	1,461,109				**1,058,172**		

In United States dollars, unless otherwise noted

The fair value of options granted during the thirteen weeks ended April 3, 2021 and thirteen weeks ended March 28, 2020 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average inputs and assumptions:

	April 3, 2021	March 28, 2020
Dividend yield (%)	**2.09**	2.66
Expected volatility (%)	**41.75**	42.28
Risk-free interest rate (%)	**1.32**	1.22
Expected life (years)	**7.00**	5.00
Weighted average share price (CAD)	**$ 13.41**	$ 7.51
Weighted average fair value (CAD)	**$ 4.70**	$ 2.26

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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

		Thirteen weeks ended
	April 3, 2021	March 28, 2020
Outstanding, beginning of period	**604,940**	953,483
Granted	**142,949**	267,277
Reinvested dividends	**3,003**	4,479
Released and paid in cash	**(92,178)**	(476,079)
Released and paid in shares	**(38,312)**	—
Forfeited	**(1,976)**	(106,554)
Outstanding, end of period	**618,426**	642,606

The expected performance multiplier used in determining the fair value of the liability and related share-based compensation expense for PSUs for the thirteen weeks ended April 3, 2021 was 115% (thirteen weeks ended March 28, 2020: 113%).

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

		Thirteen weeks ended
	April 3, 2021	March 28, 2020
Outstanding, beginning of period	**512,740**	383,777
Granted	**109,760**	185,639
Reinvested dividends	**2,141**	3,782
Released and paid in cash	**(100,693)**	(39,608)
Released and paid in shares	**(87,355)**	—
Forfeited	**(1,977)**	(19,131)
Outstanding, end of period	**434,616**	514,459

The share price at the reporting date was CAD$13.29 (March 28, 2020: CAD$6.05). 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.

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

	Thirteen weeks ended	
	April 3, 2021	March 28, 2020
Outstanding, beginning of period	**267,559**	199,989
Granted	**1,303**	1,054
Reinvested dividends	**1,371**	1,498
Outstanding, end of period	**270,233**	202,541

9. Income tax expense

The Company's statutory tax rate for the thirteen weeks ended April 3, 2021 was 27.8% (thirteen weeks ended March 28, 2020: 28.2%). The Company's effective income tax rate for the thirteen weeks ended April 3, 2021 was 21.7% (thirteen weeks ended March 28, 2020: 26.5%). The lower effective tax rate for the thirteen weeks ended April 3, 2021 was primarily attributable to the Company's tax-efficient financing structure, lower statutory rates and the impact of tax recoveries in the U.S.

10. Related party transactions

The Company had no related party transactions, excluding key management personnel compensation, for the thirteen weeks ended April 3, 2021 and March 28, 2020.

11. Geographic information

Sales earned outside of Canada for the thirteen weeks ended April 3, 2021 were $188.9 million (March 28, 2020: $212.5 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 $000s)		**April 3, 2021**		January 2, 2021
Property, plant and equipment	**$**	**81,911**	$	82,609
Right-of-use assets		**10,590**		11,494
Intangible assets		**126,474**		128,108
Goodwill		**147,916**		147,916
	$	**366,891**	$	370,127

12. Fair value measurement

Fair value of financial instruments

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

	April 3, 2021		January 2, 2021	
(Amounts in $000s)	**Level 2**	**Level 3**	Level 2	Level 3
Fair value of financial assets				
Interest rate swaps	**$ 67**	**$ —**	$ —	$ —
Foreign exchange contracts	**206**	**—**	258	—
Fair value of financial liabilities				
Interest rate swaps	**489**	**—**	1,077	—
Foreign exchange contracts	**1,698**	**—**	1,987	—
Long-term debt	**—**	**264,767**	—	289,744

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

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

The Company uses the date of the event or change in circumstances to recognize transfers between Level 1, Level 2 and Level 3 fair value measurements. During the thirteen weeks ended April 3, 2021, no such transfers occurred.

The financial liabilities not measured at fair value on the consolidated statements of financial position consist of long-term debt (including current portion). The carrying amount for these instruments is $257.3 million as at April 3, 2021 (January 2, 2021: $288.2 million).

Hedging activities

Interest rate swaps

During the thirteen weeks ended April 3, 2021, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 5):

Effective date	**Maturity date**	**Receive floating rate**	**Pay fixed rate**	**Notional amount (millions)**
Designated in a formal hedging relationship:				
April 4, 2016	April 24, 2021	3-month LIBOR (floor 1.0%)	1.6700 %	$ 40.0
January 4, 2018	April 24, 2021	3-month LIBOR (floor 1.0%)	2.2200 %	$ 80.0
March 4, 2020	December 31, 2025	3-month LIBOR (floor 1.0%)	1.4950 %	$ 20.0

The cash flow hedge of interest expense variability was assessed to be highly effective for the thirteen weeks ended April 3, 2021 and March 28, 2020, 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 of $0.2 million and after-tax net losses of $0.8 million, respectively.

The Company did not hold any interest rate swaps that were not designated in a formal hedging relationship during the thirteen weeks ended April 3, 2021 and March 28, 2020. There was $0.1 million recognized in the consolidated statements of income resulting from hedge ineffectiveness during the thirteen weeks ended April 3, 2021 and no amounts recognized during the thirteen weeks ended March 28, 2020.

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 April 3, 2021, the Company had outstanding notional amounts of $32.5 million (March 28, 2020: $28.7 million) in foreign currency average-rate forward contracts that were formally designated as a hedge and $1.2 million in foreign currency single-rate forward contracts that were formally designated as a hedge (March 28, 2020: $nil). With the exception of $0.8 million (March 28, 2020: $1.2 million) average-rate forward contracts with maturities ranging from April 2022 to September 2022, all foreign currency forward contracts have maturities that are less than one year.

The cash flow hedges of the expected future purchases were assessed to be effective for the thirteen weeks ended April 3, 2021 and March 28, 2020, and therefore the change in fair value was recorded in OCI as an after-tax net loss of $0.3 million, and an after-tax net gain of $1.2 million, respectively. There were nominal amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the thirteen weeks ended April 3, 2021 and nominal amounts recognized during the thirteen weeks ended March 28, 2020.

As at April 3, 2021, the Company had $4.0 million (March 28, 2020: $nil) of foreign currency single-rate forward contracts to hedge foreign currency exchange risk on USD monetary assets and liabilities that were not formally designated as a hedge. During the thirteen weeks ended April 3, 2021 and March 28, 2020, 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 was $nil in both years.

Hedge of net investment in foreign operations

As at April 3, 2021, a total borrowing of $257.3 million ($7.5 million included in the current portion of long-term debt and $249.8 million included in long-term debt) (January 2, 2021: a total borrowing of $288.2 million ($20.2 million included in the current portion of long-term debt and $268.0 million included in long-term debt)) has been designated as a hedge of the net investment in the U.S. subsidiary and is being used to hedge the Company's exposure to foreign exchange risk on this net investment. Gains or losses on the re-translation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investment in the U.S. subsidiary. There was no hedge ineffectiveness recognized during the thirteen weeks ended April 3, 2021 and March 28, 2020.