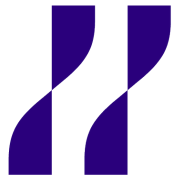


HIGH LINER FOODS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fifty-two weeks ended December 30, 2023

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

TABLE OF CONTENTS

Introduction **1**

Company Overview **2**

Financial Objectives **2**

Outlook **5**

Recent Developments **5**

Performance **7**

Results by Quarter **11**

Fourth Quarter **12**

Business Acquisition, Integration and Other Expense (Income) **14**

Finance Costs **14**

Income Taxes **15**

Contingencies **15**

Liquidity and Capital Resources **15**

Related Party Transactions **21**

Non-IFRS Financial Measures **22**

Governance **27**

Accounting Estimates and Standards **28**

Risk Factors **31**

Forward-Looking Information **44**

INTRODUCTION

This Management's Discussion and Analysis ("MD&A"), dated February 21, 2024, relates to the financial condition and results of operations of High Liner Foods Incorporated for the fifty-two weeks ended December 30, 2023 ("Fiscal 2023") compared to the fifty-two weeks ended December 31, 2022 ("Fiscal 2022"). Throughout this discussion, "We", "Us", "Our", "Company" and "High Liner Foods" refer to High Liner Foods Incorporated and its businesses and subsidiaries.

This document should be read in conjunction with our 2023 Audited Consolidated Financial Statements ("Consolidated Financial Statements") as at and for the fifty-two weeks ended December 30, 2023, 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 February 21, 2024, except as otherwise noted.

Comparability of Periods

The Company's fiscal year-end floats, and ends on the Saturday closest to December 31. The Company follows a fifty-two week reporting cycle, which periodically necessitates a fiscal year of fifty-three weeks. Fiscal year 2023 was fifty-two weeks, fiscal year 2022 was fifty-two weeks and 2021 was fifty-two weeks. When a fiscal year contains fifty-three weeks, the reporting cycle is divided into four quarters of thirteen weeks each except for the fourth quarter, which is fourteen weeks in duration. Therefore, amounts presented may not be entirely comparable.

Currency

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

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

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

Forward-Looking Statements

This MD&A includes statements that are forward looking. Our actual results may be substantially different because of the risks and uncertainties associated with our business and the general economic environment. We discuss the principal risks of our business in the *Risk Factors* section on page 31 of this MD&A. We cannot provide any assurance that forecasted financial or operational performance will actually be achieved, and if it is achieved, we cannot provide assurance that it will result in an increase in the Company's share price. See the *Forward-Looking Information* section on page 44 of this MD&A.

COMPANY OVERVIEW

High Liner Foods, through its predecessor companies, has been in business since 1899 and has been a publicly traded Canadian company since 1967, trading under the symbol 'HLF' on the Toronto Stock Exchange ("TSX"). We are a leading North American processor and marketer of value-added (i.e. processed) frozen seafood, producing a wide range of products from breaded and battered items to seafood entrées, that are sold to North American food retailers and foodservice distributors. In addition, we are a major supplier of commodity products in the North American market. The retail channel includes grocery and club stores and our products are sold throughout the U.S. and Canada under the ***High Liner***, ***Fisher Boy***, ***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.sedarplus.ca and in the Investors section of the Company's website at www.highlinerfoods.com.

FINANCIAL OBJECTIVES

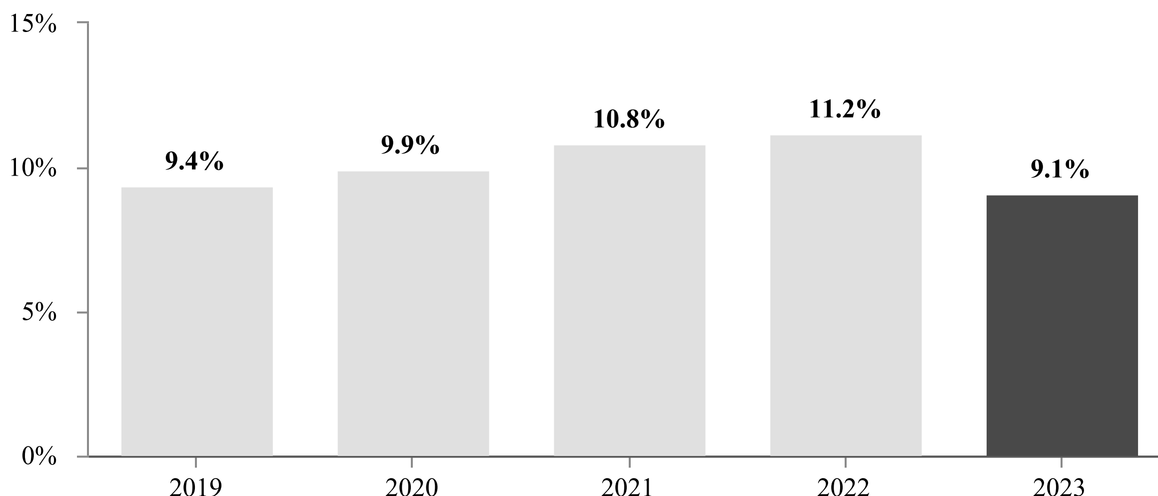
Our strategy is designed with the expectation of increasing shareholder value. To help us focus on meeting investor expectations, we use three key financial measures to gauge our financial performance:

	Fiscal 2023	Fiscal 2022
Return		
On assets managed	**9.1 %**	11.2 %
On equity	**10.6 %**	15.0 %
Profitability		
Adjusted EBITDA as a Percentage of Sales	**8.8 %**	9.7 %
Financial strength		
Net Debt to Rolling Twelve-Month Adjusted EBITDA (times)	**2.6x**	3.7x

Each of these financial measures is further discussed below. See also the *Non-IFRS Financial Measures* section starting on page 22 for further explanation of these measures.

[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).*

Return on Assets Managed ("ROAM")

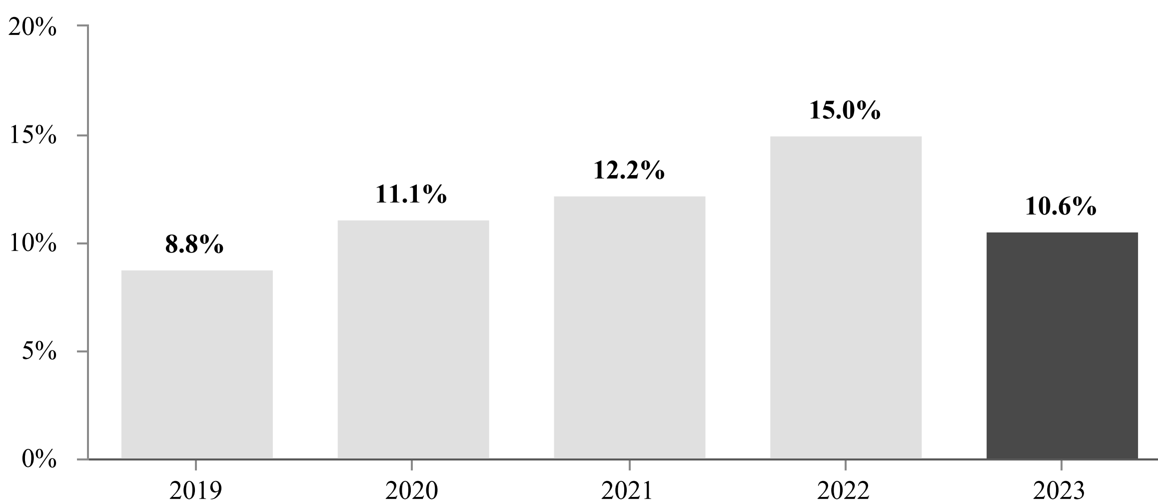


In 2023, Adjusted EBIT (as defined in the *Non-IFRS Financial Measures* section on page 22 of this MD&A) decreased by $11.6 million, or 14.4%, compared to 2022 and the thirteen-month rolling average net assets managed increased by $38.1 million, or 5.3%. The combined impact of these changes was a decrease in ROAM from 11.2% at the end of Fiscal 2022 to 9.1% at the end of Fiscal 2023.

The decrease in Adjusted EBIT in 2023 is a result of the same factors causing the $8.8 million decrease in Adjusted EBITDA in 2023 compared to 2022, as discussed in the *Consolidated Performance* section on page 10 of this MD&A.

The increase in the average net assets managed in 2023 compared to 2022 is primarily due to an increase in average inventories, notably in the first half of 2023, accounts receivable, property, plant and equipment balances as well as a decrease in accounts payable balance. The increase in average net assets managed was partially offset by a decrease in intangible assets, prepaid expenses, and right of use assets balances.

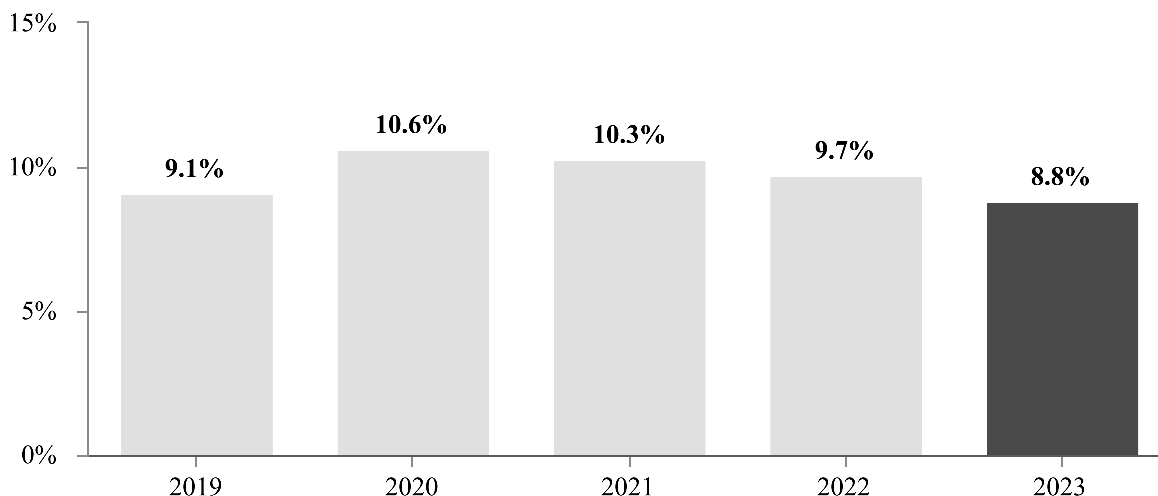
Return on Equity ("ROE")



In 2023, Adjusted Net Income (as defined in the *Non-IFRS Financial Measures* section on page 24 of this MD&A) less share-based compensation expense decreased by $10.6 million, or 21.7%, compared to 2022, and the thirteen-month rolling average common equity increased by $35.6 million, or 10.9% due to higher retained earnings. The combined impact of these changes resulted in a decrease in ROE from 15.0% at the end of Fiscal 2022 to 10.6% at

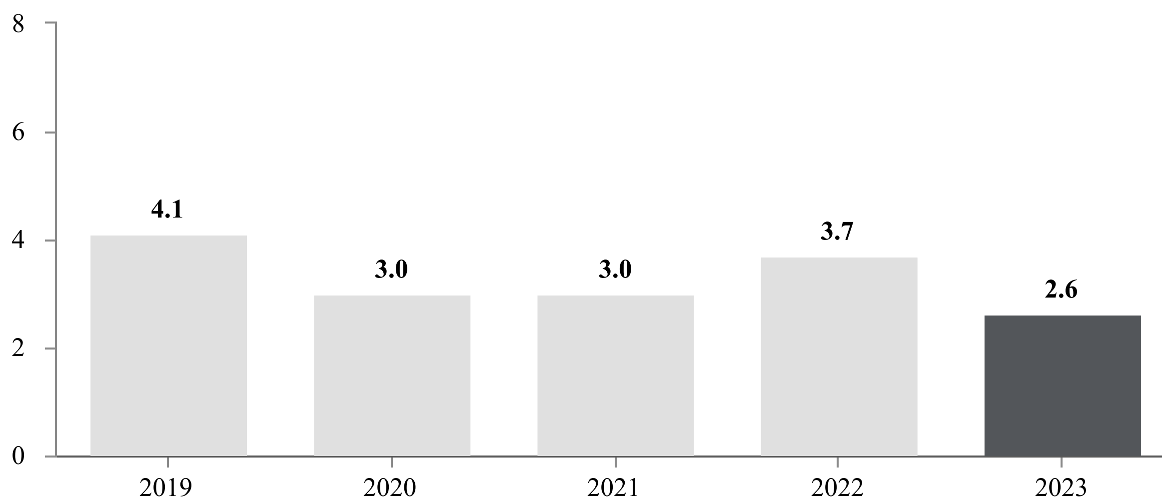
the end of Fiscal 2023. The decrease in Adjusted Net Income in 2023 compared to 2022 is discussed in the *Consolidated Performance* section on page 10 of this MD&A.

Adjusted EBITDA as a Percentage of Sales



In 2023, Adjusted EBITDA (as defined in the *Non-IFRS Financial Measures* section on page 22 of this MD&A) decreased by $8.8 million, or 8.5%, compared to 2022 and sales increased by $10.6 million, or 1.0%. The combined impact of these changes resulted in a decrease in Adjusted EBITDA as a Percentage of Sales from 9.7% in 2022 compared to 8.8% in 2023 (see the *Non-IFRS Financial Measures* section on page 22 of this MD&A). The increase in sales and decrease in Adjusted EBITDA are discussed in the *Consolidated Performance* section on pages 9 and 10 of this MD&A, respectively.

Net Debt to Rolling Twelve-Month Adjusted EBITDA



During 2023, Net Debt (as defined in the *Non-IFRS Financial Measures* section on page 25 of this MD&A) decreased by $135.6 million and Adjusted EBITDA decreased by $8.8 million. As a result, Net Debt to Rolling Twelve-Month Adjusted EBITDA improved to 2.6x at the end of 2023 as compared to 3.7x at the end of 2022 (see the *Non-IFRS Financial Measures* section on page 25 of this MD&A). The change in Net Debt is discussed on page 17 of this MD&A and the change in Adjusted EBITDA is discussed in the *Consolidated Performance* section on page 10 of this MD&A. In the absence of any major acquisitions or unplanned capital expenditures in 2024 we expect this ratio to continue to be lower than the Company's long-term target of 3.0x at the end of Fiscal 2024.

OUTLOOK

Overall, the Company is optimistic about the outlook for the business in 2024 and beyond. High Liner Foods has a proven strategy and is building a track record of consistent execution. The Company has the financial strength and discipline needed to withstand the near-term challenges of its operating environment, including category volume declines. The Company's focus on profitable growth positions us well to generate Adjusted EBITDA growth and continued strong free cash flow in 2024.

With a strong balance sheet, High Liner Foods is well equipped to invest in organic growth, explore opportunities for transformative growth through potential M&A activities to build shareholder value, and continue to return capital to shareholders. High Liner will continue to carefully manage capital resources and anticipates $20-$25 million in capital expenditures in fiscal 2024 to continue to maintain, upgrade and modernize its asset base.

While the Company anticipates that operating conditions will improve through the course of the fiscal year, additional challenges in the geopolitical and economic environment may impact the timeline for improvements to its financial performance and its growth agenda.

RECENT DEVELOPMENTS

Global Supply Chain and Impact on Raw Material Costs

During Fiscal 2022, the Company was challenged by global supply chain disruptions and experienced shipping delays and raw material supply challenges, port congestion and shutdowns. These challenges improved during the fourth quarter of Fiscal 2022 and into the first quarter of Fiscal 2023, and were largely normalized to pre-pandemic levels during the second quarter of Fiscal 2023 and onwards. To mitigate the impact on its performance and customers, the Company increased our investment in working capital in the second half of Fiscal 2022 which carried over into Fiscal 2023, supporting the strong service levels we delivered to our customers. These higher inventory levels have led to higher carrying costs, including higher costs related to raw material inventory and storage costs during Fiscal 2023. This has led to unfavorable impact on gross profit and gross profit as a percentage of sales, most notably during the last three quarters of 2023.

As of February 2024, the conflict in the Red Sea region has led to periodic disruptions to shipping routes, resulting in commercial vessels, including ones used by High Liner Foods, to adapt their logistic strategies to mitigate the impact. While these challenges will result in increased shipping costs and delay in receipt of raw material supply, the Company is monitoring the situation closely and has adjusted shipping routes and lead times accordingly.

Economic Conditions

The Company continues to navigate the impact of the prolonged inflationary environment and other macroeconomic factors including rising interest rates which are increasingly impacting consumer confidence and discretionary spending. The Company took inflation-justified pricing actions on select products as needed during the first half of 2023 to manage the inflationary operating environment. The higher inventory levels across the frozen seafood industry experienced during the first half of Fiscal 2023 continued to impact the operating landscape throughout most of 2023 resulting in lower pricing on some of our commodity products through the year. While the Company's foodservice business continued to remain stable, aided by the contract manufacturing business, the inflationary pressures have resulted in the retail business experiencing declines due to softer demand for protein, including seafood product as consumers switch to lower cost meal solutions.

See the risk sections starting on page 31 for further discussion of the impact of the geopolitical environment 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 various actions impacting the Company related to additional tariffs on goods imported to the U.S. During March 2022, the Company received notice of approval of an exclusion extension request submitted to the USTR regarding tariffs on certain goods imported to the U.S. from China. The extension applied to tariffs already incurred, or that would otherwise have been incurred, on specific goods from October 12, 2021 to December 31, 2022. On December 16, 2022 the USTR announced that it will further extend this exclusion which will be applicable from January 1, 2023 to September 30, 2023. On September 6, 2023, this exclusion was further extended from September 30, 2023 to December 31, 2023 which will allow for further consideration under the statutory four-year review. On December 27, 2023, this exclusion was further extended from December 31, 2023 to May 31, 2024.

The estimated annual run-rate exposure of the 25% tariff would have been approximately $5.0 million in 2023 before the extended exclusion 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 and its customers.

The Company will continue to monitor these developments closely in 2024, particularly as further information becomes available regarding potential additional tariffs or exclusions, or how the previously announced tariffs and exclusions will impact the Company.

Change in Senior Management

On August 29, 2023, the Board of Directors accepted the resignation of Rod Hepponstall as President and Chief Executive Officer ("CEO") of the Company, who continued in his role until September 15, 2023. On December 20, 2023, Paul Jewer, who had been serving as the Interim President and CEO since September 15, 2023, was officially appointed as President and CEO, in addition to retaining his role as Chief Financial Officer ("CFO"). On January 16, 2024, Deepak Bhandari was appointed as Interim CFO.

Additionally, Tom Jansen was appointed as Chief Supply Chain Officer on September 5, 2023 and Tim Rorabeck, Executive Vice President and General Counsel left the Company effective January 1, 2024.

Litigation Update

As reported in 2020, High Liner Foods instituted legal proceedings in California against Mr. Brian Wynn for making false representations and warranties in connection with the sale of Rubicon Resources, LLC to the Company. Following a two-week arbitration hearing, on September 28, 2023, a Panel of arbitrators found that Mr. Wynn made fraudulent representations associated with the transaction and issued an Interim Award of approximately $15.5 million in damages against Mr. Wynn and in favor of High Liner Foods. The Interim Award provided that the Company is also entitled to its reasonable attorney's fees and costs, and the Company has made additional submissions in this regard. The arbitration proceedings remain ongoing and the Interim Amounts are subject to change in the final arbitration award. It is not possible at this time to determine the final impact of these proceedings or the timing of that impact.

Russian Sourced Seafood Sanctions

On December 22, 2023, the US Government issued a new executive order prohibiting the import of certain species of seafood into the United States. The new determination states that the current prohibition on Russian seafood imports now applies to salmon, pollock, cod, and crab products harvested in waters under the jurisdiction of the Russian Federation or by Russian flagged vessels outside of Russian waters even if this seafood has been reprocessed and substantially transformed outside of Russia. Any orders of product that include Russian country of harvest raw material must cease and only products ordered and received on or before February 21, 2024, will be permitted into the country.

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

PERFORMANCE

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

Seasonality

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

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

Inventory levels fluctuate throughout the year, most notably increasing to support strong sales periods such as the Lenten period. In addition, the timing of ordering raw materials is earlier than typically required in order to have adequate quantities available during the seasonal closure of plants in Asia during the Lunar New Year period. These events typically result in significantly higher inventories in December, January, February and March than during the rest of the year.

Consolidated Performance

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

(in $000s, except sales volume, per share amounts, percentage amounts, and exchange rates)	Fifty-two weeks ended December 30, 2023	Fifty-two weeks ended December 31, 2022	Change	Fifty-two weeks ended January 1, 2022
Sales volume (millions of lbs)	**257.0**	250.9	**6.1**	233.7
Average foreign exchange rate (USD/CAD)	**1.3497**	1.3017	**$ 0.0480**	$ 1.2535
Sales	**1,080,338**	$ 1,069,714	**$ 10,624**	875,405
Gross profit	**$ 218,689**	$ 229,928	**$ (11,239)**	$ 198,544
Gross profit as a percentage of sales	**20.2 %**	21.5 %	**(1.3%)**	22.7%
Distribution expenses	**$ 56,875**	$ 59,661	**$ (2,786)**	$ 50,807
Selling, general and administrative expenses	**$ 94,455**	$ 93,023	**$ 1,432**	$ 88,269
Adjusted EBITDA [(1)]	**95,092**	103,867	**$ (8,775)**	90,422
Adjusted EBITDA as a percentage of sales	**8.8%**	9.7%	**(0.9%)**	10.3%
Net income	**$ 31,677**	$ 54,730	**$ (23,053)**	$ 42,249
Basic Earnings per Share ("EPS")	**$ 0.94**	$ 1.62	**$ (0.68)**	$ 1.25
Diluted EPS	**$ 0.93**	$ 1.56	**$ (0.63)**	$ 1.20
Adjusted Net Income [(1)]	**38,680**	51,712	**$ (13,032)**	$ 44,798
Adjusted Basic EPS	**1.15**	1.53	**$ (0.38)**	$ 1.32
Adjusted Diluted EPS [(1)]	**1.14**	1.48	**$ (0.34)**	$ 1.28
Total assets	**834,399**	1,003,486		$ 826,469
Total long-term financial liabilities	**251,073**	249,903		$ 264,857
Dividends paid per common share (in CAD)	**$ 0.54**	$ 0.43	**$ 0.11**	$ 0.31

(1) See the *Non-IFRS Financial Measures* section starting on page 22 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.

Sales

Sales volume in 2023 increased by 6.1 million pounds, or 2.4%, to 257.0 million pounds compared to 250.9 million pounds in 2022. In our foodservice business, sales volume was higher due to increased contract manufacturing business, increased sales in newer product lines, new business, and improved customer service levels. The Company achieved strong service levels in 2023 compared to 2022 due to the increased investment in working capital in the latter part of Fiscal 2022 to mitigate the impact of the global supply chain challenges. This was partially offset by lower sales volume in our retail business, including during the Lenten period, primarily due to consumers becoming more price-conscious, resulting in softer demand for protein, including seafood products, as consumers switch to lower cost alternatives.

Sales in 2023 increased by $10.6 million, or 1.0%, to $1,080.3 million compared to $1,069.7 million in 2022. The increase in sales reflects the higher sales volumes mentioned previously and pricing actions implemented during the second half of Fiscal 2022 to mitigate inflationary increases on input costs, partially offset by changes in sales mix.

The weaker Canadian dollar in 2023 compared to 2022 however, decreased the value of reported USD sales from our CAD-denominated operations by approximately $9.0 million relative to the conversion impact last year.

Gross Profit

Gross profit decreased in 2023 by $11.2 million, or 4.9%, to $218.7 million compared to $229.9 million in 2022, and gross profit as a percentage of sales decreased by 130 basis points to 20.2%, compared to 21.5%. The decrease in gross profit reflects the lower pricing on our commodity products, higher carrying costs associated with higher average inventory and some inefficiencies at our plants as a result of the Company slowing down production due to higher inventory levels and softer consumer demand, discussed previously. The decrease in gross profit was partially offset by the increase in sales volume and the inflationary-pricing actions both discussed previously.

The weaker Canadian dollar decreased the value of reported USD gross profit from our Canadian operations in 2023 by approximately $1.9 million relative to the conversion impact last year.

Distribution Expenses

Distribution expenses, consisting of freight and storage of finished goods, decreased in 2023 by $2.8 million to $56.9 million compared to $59.7 million in 2022 reflecting lower freight costs in 2023 as compared to 2022 during which time freight costs peaked as a result of the global supply chain challenges, most notably during the first half of 2022. This was partially offset by higher sales volume and higher storage costs as a result of higher inventory levels when compared to the same period last year. As a percentage of sales, distribution expenses decreased favourably to 5.3% in 2023 compared to 5.6% in the same period in 2022.

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

(Amounts in $000s)	Fifty-two weeks ended December 30, 2023	Fifty-two weeks ended December 31, 2022
SG&A expenses, as reported	**$ 94,455**	$ 93,023
Less:		
Share-based compensation expense [(1)]	**1,469**	2,893
Depreciation and amortization expense [(1)]	**12,806**	10,392
SG&A expenses, net	**$ 80,180**	$ 79,738
SG&A expenses, net as a percentage of sales	**7.4%**	7.5%

[(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 $1.5 million to $94.5 million in 2023 as compared to $93.0 million in 2022. SG&A expenses included share-based compensation expense of $1.5 million in 2023 compared to $2.9 million in 2022, primarily due to fewer units outstanding and the decrease in the share price performance for outstanding units as at December 30, 2023, compared to the same period last year. SG&A expenses also included depreciation and amortization expense of $12.8 million in 2023 compared to $10.4 million in 2022. Depreciation increased by $2.4 million in 2023 due to the investment the Company made in software in 2021 and 2022.

Excluding share-based compensation and depreciation and amortization expenses, SG&A expenses increased in 2023 by $0.5 million to $80.2 million compared to $79.7 million in 2022, due to higher administrative expenses including higher insurance, information technology expenses, travel costs, and under absorption of overhead costs relating to reduction in raw material purchases, partially offset by lower consumer marketing and variable selling costs, as well as consulting costs as compared to the same period in the prior year. As a percentage of sales, SG&A excluding share-based compensation and depreciation and amortization expense decreased favorably to 7.4% in 2023 compared to 7.5% in 2022.

Adjusted EBITDA

We refer to Adjusted EBITDA throughout this MD&A in discussing our results for the thirteen and fifty-two weeks ended December 30, 2023. See the *Non-IFRS Financial Measures* section on page 22 for further explanation of this non-IFRS measure.

Adjusted EBITDA decreased in 2023 by $8.8 million, or 8.5%, to $95.1 million compared to $103.9 million in 2022, and as a percentage of sales, Adjusted EBITDA decreased to 8.8% compared to 9.7%. The decrease in Adjusted EBITDA is a result of the decrease in gross profit and increase in net SG&A expenses, partially offset by the decrease in distribution costs, all discussed previously.

In addition, the weaker Canadian dollar decreased the value of reported Adjusted EBITDA in USD from our Canadian operations in 2023 by approximately $0.6 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 22 for further explanation of these non-IFRS measures.

Net income decreased in 2023 by $23.0 million, or 42.0%, to $31.7 million ($0.93 per diluted share) compared to $54.7 million ($1.56 per diluted share) in 2022. The decrease in net income is due to the decrease in Adjusted EBITDA, discussed previously and an increase in finance costs discussed in the *Finance Costs* section in this MD&A, partially offset by lower share-based compensation expense.

In 2023, net income included "business acquisition, integration and other expense (income)" (as explained in the *Business Acquisition, Integration and Other Expense (Income)* section on page 14 of this MD&A) related to certain non-routine expenses. In 2023, net income included $7.0 million of legal costs associated with legal proceedings as discussed in the *Recent Development* section. In 2022, net income included $10.0 million of insurance proceeds classified as "business acquisition, integration and other expense (income)" and other non-routine expenses. Excluding the impact of these non-routine items, other non-cash expenses, and share-based compensation, Adjusted Net Income in 2023 decreased by $13.0 million, or 25.1%, to $38.7 million compared to $51.7 million in 2022.

Adjusted Diluted EPS decreased $0.34 in 2023 to $1.14 compared to $1.48 in 2022.

RESULTS BY QUARTER

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

Fiscal 2023

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

Fiscal 2022

(Amounts in $000s, except per share amounts)		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year
Sales	$	294,735	$	253,452	$	271,181	$	250,346	$	1,069,714
Adjusted EBITDA [1]	$	28,340	$	25,333	$	24,809	$	25,385	$	103,867
Net income	$	14,645	$	18,977	$	9,977	$	11,131	$	54,730
Basic EPS	$	0.43	$	0.56	$	0.30	$	0.33	$	1.62
Diluted EPS	$	0.42		0.54	$	0.28	$	0.32	$	1.56
Adjusted Net Income [1]	$	15,068	$	10,034	$	14,292	$	12,318	$	51,712
Adjusted Basic EPS	$	0.44	$	0.30	$	0.42	$	0.37	$	1.53
Adjusted Diluted EPS [1]	$	0.43	$	0.29	$	0.41	$	0.35	$	1.48
Dividends paid per common share (in CAD)	$	0.10	$	0.10	$	0.10	$	0.13	$	0.43
Net non-cash working capital [2]	$	272,482	$	287,974	$	309,660	$	383,988	$	383,988

[1] See the *Non-IFRS Financial Measures* section starting on page 22 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.
[2] Net non-cash working capital comprises accounts receivable, inventories and prepaid expenses, less accounts payable and accrued liabilities, contract liability and provisions. Represents the amount as at the end of the period.

As discussed in the *Performance* section on page 7 of this MD&A, 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.

During the second quarter of 2022, the Company received insurance proceeds of $10.0 million in relation to the lawsuit against Mr, Brian Wynn (see *Recent developments* section on page 5 for an update on this litigation). This

amount is reflected in net income for the second quarter of 2022. No insurance proceeds relating to this lawsuit were received in 2023.

Net non-cash working capital increased each quarter of fiscal 2022 primarily due to increased investment in inventory to mitigate global supply chain disruptions (as discussed in the *Recent developments* section on page 5 of this MD&A). The Company has worked through the inflated inventory levels throughout fiscal 2023 as the supply chain disruptions have relented which has decreased net non-cash working capital each consecutive quarter of fiscal 2023.

FOURTH QUARTER

Consolidated Performance

(in $000s, except sales volume, per share amounts, percentage amounts and exchange rates)		Thirteen weeks ended December 30, 2023		Thirteen weeks ended December 31, 2022		Change		Thirteen weeks ended January 1, 2022
Sales volume (millions of lbs)		**59.6**		58.4		**1.2**		58.7
Average foreign exchange rate (USD/CAD)	**$**	**1.3620**	$	1.3572	**$**	**0.0048**	$	1.2606
Sales	**$**	**237,126**	$	250,346	**$**	**(13,220)**	$	227,879
Gross profit	**$**	**48,657**	$	54,838	**$**	**(6,181)**	$	48,605
Gross profit as a percentage of sales		**20.5 %**		21.9 %		**(1.4)%**		21.3 %
Distribution expenses	**$**	**11,681**	$	13,740	**$**	**(2,059)**	$	14,119
Selling, general and administrative expenses	**$**	**23,667**	$	22,600	**$**	**1,067**	$	21,746
Adjusted EBITDA [(1)]	**$**	**21,887**	$	25,385	**$**	**(3,498)**	$	20,600
Adjusted EBITDA as a percentage of sales		**9.2 %**		10.1 %		**(0.9)%**		9.0 %
Net income (loss)	**$**	**6,416**	$	11,131	**$**	**(4,715)**	$	7,223
Basic EPS	**$**	**0.19**	$	0.33	**$**	**(0.14)**	$	0.22
Diluted EPS	**$**	**0.20**	$	0.32	**$**	**(0.12)**	$	0.20
Adjusted Net Income [(1)]	**$**	**7,293**	$	12,318	**$**	**(5,025)**	$	9,079
Adjusted EPS		**0.21**	$	0.37	**$**	**(0.16)**	$	0.27
Adjusted Diluted EPS [(1)]		**0.23**	$	0.35	**$**	**(0.12)**	$	0.26

[(1)] See the *Non-IFRS Financial Measures* section starting on page 22 for further explanation of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS.

Sales

Sales volume for the thirteen weeks ended December 30, 2023, or the fourth quarter of 2023, increased by 1.2 million pounds, or 2.1%, to 59.6 million pounds compared to 58.4 million pounds in the thirteen weeks ended December 31, 2022, due to higher volume in our foodservice business, partially offset by lower volume in our retail business. In our foodservice business, sales volume was higher due to increased contract manufacturing business and improved customer service levels. This was partially offset by lower sales volume in our retail business due to the continued impact of inflation. This resulted from softer demand for protein, including seafood product as consumers switch to lower cost alternatives.

Sales in the fourth quarter of 2023 decreased by $13.2 million, or 5.3%, to $237.1 million compared to $250.3 million in the same period last year, due to changes in sales mix and lower pricing most notably on some of our commodity products during the fourth quarter of fiscal 2023 compared to the inflationary environment in the same period last year. This decrease was partially offset by higher sales volumes mentioned previously.

The weaker Canadian dollar in the fourth quarter of 2023 compared to the same quarter of 2022 decreased the value of USD sales from our CAD-denominated operations by approximately $0.2 million relative to the conversion impact last year.

Gross Profit

Gross profit decreased in the fourth quarter of 2023 by $6.1 million, or 11.1%, to $48.7 million compared to $54.8 million in the same period in 2022, and gross profit as a percentage of sales decreased to 20.5% compared to 21.9%. The decrease in gross profit reflects changes in product mix, lower pricing on some of our commodity products and some inefficiencies at our plants. The decrease in gross profit was partially offset by the increase in sales volume, discussed previously.

In addition, the weaker Canadian dollar decreased the value of reported USD gross profit from our Canadian operations in 2023 by nominal amounts relative to the conversion impact last year.

Distribution Expenses

Distribution expenses, consisting of freight and storage decreased in the fourth quarter of 2023 by $2.0 million to $11.7 million compared to $13.7 million in 2022 reflecting lower freight costs in the fourth quarter of 2023 as compared to the fourth quarter of 2022 during which time freight costs were higher due to the impact of the global supply chain challenges. This was partially offset by higher sales volume during the fourth quarter of 2023. As a percentage of sales, distribution expenses decreased favorably to 4.9% in the fourth quarter of 2023 compared to 5.5% in the same period in 2022.

SG&A Expenses

SG&A expenses increased in the fourth quarter of 2023 by $1.1 million to $23.7 million compared to $22.6 million in the same period last year. SG&A expenses included share-based compensation expense of $0.7 million in the fourth quarter of 2023, consistent with an expense of $0.7 million in the fourth quarter of 2022. SG&A expenses also included depreciation and amortization expense of $4.9 million in the fourth quarter of 2023 compared to $2.6 million in the same quarter in 2022. Depreciation increased by $2.3 million in the fourth quarter of 2023 due to the investment the Company made in software in 2021 and 2022.

Excluding share-based compensation and depreciation and amortization expenses, SG&A expenses decreased in the fourth quarter of 2023 by $1.1 million to $18.1 million compared to $19.2 million in the same period last year, due to lower consumer marketing and variable selling expenses in both our retail and foodservice businesses in both U.S. and Canada, as well as lower administrative expenses, including travel costs. The decrease was partially offset by under absorption of overhead costs relating to reduction in raw material purchases compared to the same period in the prior year, as well as higher information technology expenses. As a percentage of sales, SG&A excluding share-based compensation and depreciation and amortization expense was 7.6% in the fourth quarter of 2023 compared to 7.7% in the same period last year.

Adjusted EBITDA

Adjusted EBITDA decreased in the fourth quarter of 2023 by $3.5 million, or 13.8%, to $21.9 million compared to $25.4 million in 2022, and as a percentage of sales, Adjusted EBITDA decreased to 9.2% compared to 10.1%. The decrease in Adjusted EBITDA reflects the decrease in gross profit, partially offset by the decrease in distribution costs and net SG&A expenses, all discussed previously.

The weaker Canadian dollar had a nominal impact on the value of reported Adjusted EBITDA in USD from our Canadian operations in 2023 relative to the conversion impact last year.

Net Income

Net income decreased in the fourth quarter of 2023 by $4.7 million, or 42.3%, to net income of $6.4 million ($0.20 per diluted share) compared to net income of $11.1 million ($0.32 per diluted share) in 2022.

The decrease in net income was due to the decrease in Adjusted EBITDA, discussed previously, an increase in depreciation and amortization costs, and higher income taxes discussed on page 15 of this MD&A, partially offset by lower finance costs discussed in the *Finance Costs* section below on this MD&A.

In the fourth quarter of 2023, net income included "business acquisition, integration and other expense (income)" (as explained in the *Business Acquisition, Integration and Other Expense (Income)* section on page 14 of this MD&A) related to certain non-routine expenses. Excluding the impact of these non-routine items or other non-cash expenses and share-based compensation, Adjusted Net Income in the fourth quarter of 2023 decreased by $5.0 million, or 40.7%, to $7.3 million compared to $12.3 million in 2022.

Correspondingly, Adjusted Diluted EPS decreased to $0.23 from $0.35 in 2022.

BUSINESS ACQUISITION, INTEGRATION AND OTHER EXPENSE (INCOME)

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

	Thirteen weeks ended		Fifty-two weeks ended	
(Amounts in $000s)	**December 30, 2023**	**December 31, 2022**	**December 30, 2023**	**December 31, 2022**
Business acquisition, integration and other expense (income)	**$ 410**	$ 945	**$ 7,070**	$ (7,173)

Business acquisition, integration and other expense (income) for the fifty-two weeks ended December 30, 2023 and December 31, 2022 also included certain non-routine expenses, legal, and consulting fees, that are not representative of the Company's ongoing operational activities. During the fifty-two weeks ended December 30, 2023, the Company incurred $7.1 million in legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn as described in the *Recent Development* section of the MD&A. During the fifty-two weeks ended December 31, 2022 the Company received insurance proceeds of $10.0 million in relation to the lawsuit.

FINANCE COSTS

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

	Thirteen weeks ended		Fifty-two weeks ended	
(Amounts in $000s)	**December 30, 2023**	**December 31, 2022**	**December 30, 2023**	**December 31, 2022**
Interest paid in cash during the period	**$ 5,825**	$ 4,885	**$ 24,902**	$ 14,741
Change in cash interest accrued during the period	**(541)**	626	**(642)**	1,748
Total interest to be paid in cash	**5,284**	5,511	**24,260**	16,489
Interest expense on lease liabilities	**163**	85	**421**	505
Deferred financing cost & net modification loss amortization	**370**	355	**1,497**	1,267
Total finance costs	**$ 5,817**	$ 5,951	**$ 26,178**	$ 18,261

Finance costs were $0.2 million lower in the fourth quarter of 2023 and $7.9 million higher in the fifty-two weeks ended December 30, 2023 compared to the same periods last year. The increase during the fifty-two weeks ended

December 30, 2023 was due to increased interest expense on short-term and long-term borrowings due to higher interest rates and higher average short-term borrowings outstanding during fiscal 2023 compared to the same period last year.

INCOME TAXES

High Liner Foods' effective income tax rate for the year ended December 30, 2023 was 7.1% compared to 16.9% in 2022. In the fourth quarter of 2023, the effective tax rate was an expense of 9.4% compared to an expense of 2.7% in the fourth quarter of 2022. The lower effective tax rate for the year ended December 30, 2023 compared to the same period last year is due to a combination of higher interest rates in the Company's tax-efficient financing structure and lower consolidated earnings. The applicable statutory rates in Canada and the U.S. were 28.1% and 25.5%, respectively.

See Note 18 *"Income tax"* to the Consolidated Financial Statements for full information with respect to income taxes.

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 section on page 40.

Our capital management practices are described in Note 26 *"Capital management"* in the 2023 annual consolidated financial statements.

Working Capital Credit Facility

The Company has a $200.0 million asset-based working capital credit facility (the "Facility"), with the Royal Bank of Canada as Administrative and Collateral agent, which was amended on October 6, 2022 to increase the borrowing limit from $150.0 million to $200.0 million. Additionally, on April 28, 2022 the Facility was amended to extend the term expiry from April, 2023 to April, 2027. The amendment also included a necessary update from LIBOR to Secured Overnight Financing Rate ("SOFR") based loans.
The rates provided by the working capital credit facility are noted in the following table, based on the "Average Adjusted Aggregate Availability" as defined in the credit agreement. The Company's borrowing rates as of December 30, 2023 are also noted in the following table.

Per Credit Agreement		As at December 30, 2023
Canadian Prime Rate revolving loans, Canadian Base Rate revolving and U.S. Prime Rate revolving loans, at their respective rates	plus 0.00% to 0.25%	plus 0.00%
Bankers' Acceptances ("BA") revolving loans, at BA rates	plus 1.25% to 1.50%	plus 1.25%
SOFR revolving loans at SOFR rates	plus 1.25% to 1.50%	plus 1.25%
Letters of credit, with fees of	1.25% to 1.50%	1.25%
Standby fees, required to be paid on the unutilized facility, of	0.25%	0.25%

Average short-term borrowings outstanding during 2023 were $85.5 million compared to $55.2 million in 2022. The $30.3 million increase in average short-term borrowings reflects higher working capital requirements during the second half of Fiscal 2022 which has carried over into 2023. This increase is primarily driven by the impact of

inflation on raw material and an increased investment in inventory most notably during the second half of Fiscal 2022 to offset the impact of the global supply chain challenges.

As at December 30, 2023, the Company had $181.4 million of unused borrowing availability (December 31, 2022: $61.0 million), taking into account the current borrowing base and letters of credit, which reduce the availability under the working capital facility. On December 30, 2023, letters of credit and standby letters of credit were outstanding in the amount of $9.4 million (December 31, 2022: $10.9 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 11 *"Bank loans"* to the Consolidated Financial Statements.

We expect average short-term borrowings in Fiscal 2024 to be lower than Fiscal 2023, and 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 December 30, 2023, the Company had a $300.0 million term loan facility with an interest rate of SOFR plus 3.75% (0.75% SOFR floor), maturing in October, 2026.

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 fifty-two weeks ended December 30, 2023, regularly scheduled repayments of $7.5 million were made. There are regularly scheduled repayments of $5.6 million to be paid in the next 12 months. There are no mandatory prepayments to be paid in 2024 related to excess cash flows from 2023.

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

During the fifty-two weeks ended December 30, 2023, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility:

Effective date	Maturity date	Receive floating rate	Pay fixed rate		Notional amount (millions)
Designated in a formal hedging relationship:					
July 7, 2023	July 7, 2025	3-month SOFR (floor 0.75%)	4.9076 %	*$*	*40.0*
January 6, 2023	July 6, 2026	3-month SOFR (floor 0.75%)	1.1500 %	*$*	*35.0*
January 6, 2023	July 7, 2023	3-month SOFR (floor 0.75%)	0.4650 %	*$*	*25.0*
January 6, 2023	July 8, 2024	3-month SOFR (floor 0.75%)	0.6840 %	*$*	*25.0*
December 30, 2022	December 31, 2025	3-month SOFR (floor 0.75%)	1.0910 %	*$*	*20.0*

As of December 30, 2023, the combined impact of the outstanding interest rate swaps listed above effectively fix the interest rate on $120.0 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 SOFR is higher than the embedded floor of 0.75%.

Additional details regarding the Company's term loan are provided in Note 14 *"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 25 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 $135.6 million to $249.9 million at December 30, 2023 compared to $385.5 million at December 31, 2022, reflecting lower bank loans and lower long-term debt, partially offset by higher lease liabilities as at December 30, 2023, as compared to December 31, 2022.

Net Debt to Rolling Twelve-Month Adjusted EBITDA (see the *Non-IFRS Financial Measures* section on page 25 of this MD&A) improved to 2.6x at December 30, 2023 compared to 3.7x at December 31, 2022 and 3.0x at January 1, 2022. Net Debt to Rolling Twelve-Months Adjusted EBITDA increased during the second half of Fiscal 2022 primarily as a result of increased investment in working capital in Fiscal 2022 and inflation in raw materials. In the absence of any major acquisitions or unplanned capital expenditures in 2024, we expect this ratio to continue to be lower than the Company's long-term target of 3.0x at the end of Fiscal 2024.

Capital Structure

At December 30, 2023, Net Debt was 39.5% of total capitalization compared to 51.2% at December 31, 2022.

(Amounts in $000s)		December 30, 2023		December 31, 2022
Net Debt	**$**	**249,916**	$	385,538
Shareholders' equity		**385,856**		373,417
Unrealized gains on derivative financial instruments included in AOCI		**(2,514)**		(6,063)
Total capitalization	**$**	**633,258**	$	752,892
Net Debt as percentage of total capitalization		**39.5%**		51.2%

Using our December 30, 2023 market capitalization of $295.5 million, based on a share price of CAD$11.82 (USD$8.95 equivalent), instead of the book value of equity, Net Debt as a percentage of total capitalization increased to 45.8% (December 31, 2022: 53.3%).

Normal Course Issuer Bid

In June 2023, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. Purchases could commence on June 7, 2023 and will terminate no later than June 6, 2024. In December 2023, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares of the Company by 500,000, of which the Company intends to purchase. During the fifty-two weeks ended December 30, 2023, the Company purchased 413,200 common shares under this plan at an average price of $8.39 (CAD$11.37) per share for total cash consideration of $3.4 million (CAD$4.6 million). The excess of the purchase price over the book value of the shares in the amount of $2.3 millions was charged to retained earnings.

In June 2022, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. The price the Company will pay for any common shares acquired will be the market price at the time of acquisition. Purchases could commence on June 7, 2022 and it subsequently terminated on June 6, 2023. During the fifty-two weeks ended December 31, 2022, the Company purchased 135,568 common shares under this plan at an average price of $9.51 (CAD$12.32) per share for total cash consideration of $1.3 million (CAD$1.7 million). The excess of the purchase price over the book value of the shares in the amount of

$0.9 million was charged to retained earnings. During the fifty-two weeks ended December 30, 2023, the Company did not purchase any common shares under this plan.

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

Dividends

In November 2023, the Company's Board of Directors approved a quarterly dividend of CAD $0.15 per common share, which represents a CAD $0.02 per share increase from the CAD$0.13 per share paid during the first three quarters of 2023, commencing with the Company's Q4, 2023 quarterly dividend. The increase reflects the Board's recognition of the Company's strong performance and continued confidence in the Company's operations. These dividends are considered "eligible dividends" for Canadian income tax purposes.

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

Dividend record date		Quarterly dividend (CAD)
December 1, 2023	$	0.15
September 1, 2023	$	0.13
June 1, 2023	$	0.13
March 2, 2023	$	0.13
December 1, 2022	$	0.13
September 1, 2022	$	0.10
June 1, 2022	$	0.10
March 2, 2022	$	0.10

Dividends and NCIBs are subject to restrictions as follows:

- Under the working capital credit facility, Average Adjusted Aggregate Availability, as defined in the credit agreement, must be $25.0 million or higher, and was $168.0 million on December 30, 2023, 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 2.6x on December 30, 2023. NCIBs are subject to an annual limit of $10.0 million with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum under the term loan facility.

On February 21, 2024, the Directors approved a quarterly dividend of CAD$0.15 per share on the Company's common shares payable on March 15, 2024 to holders of record on March 1, 2023. These dividends are "eligible dividends" for Canadian income tax purposes.

Disclosure of Outstanding Share Data

On February 21, 2024, 32,931,868 common shares and 370,750 options were outstanding. The options are exercisable on a one-for-one basis for common shares of the Company.

Cash Flow

	Thirteen weeks ended			Fifty-two weeks ended		
(Amounts in $000s)	December 30, 2023	December 31, 2022	Change	December 30, 2023	December 31, 2022	Change
Net cash flows provided by (used in) operating activities	**$ 66,941**	$ (55,845)	$ 122,786	**$ 179,314**	$ (76,158)	$ 255,472
Net cash flows (used in) provided by financing activities	**(54,155)**	61,704	(115,859)	**(153,855)**	100,137	(253,992)
Net cash flows used in investing activities	**(5,939)**	(8,832)	2,893	**(18,801)**	(20,670)	1,869
Foreign exchange increase (decrease) on cash	**270**	(213)	483	**487**	(3,597)	4,084
Net change in cash during the period	**$ 7,117**	$ (3,186)	$ 10,303	**$ 7,145**	$ (288)	$ 7,433

Cash Flows from Operating Activities

Cash flows from operating activities were $255.5 million higher in 2023 compared to 2022. The increase in cash flows in 2023 was due to favourable changes in non-cash working capital balances, partially offset by lower cash flows from operations primarily due to lower net income and higher interest paid. The lower net income is due to lower gross profit, the increase in one-time legal fees and the $10.0 million of insurance proceeds received in fiscal 2022 that did not occur in 2023. The favourable changes in non-cash working capital are due to favourable changes in inventories, partially offset by unfavorable changes in accounts receivable, prepaid expenses, accounts payable and accrued liabilities and provisions.

Cash Flows from Financing Activities

Cash flows from financing activities were $254.0 million lower in 2023 compared to 2022 due to repayments of short-term borrowings in 2023 as compared to increased short-term borrowings during 2022 (see the *Liquidity and Capital Resources* on page 15 of this MD&A), higher repayments of long-term debt, higher common share dividends paid and higher costs relating to common shares repurchased for cancellation in the current year as compared to 2022.

Cash Flows from Investing Activities

Cash outflows from investing activities were $1.9 million lower in 2023 compared to the same period last year due to lower capital expenditures (see the *Capital Expenditures* section beginning on page 20 of this MD&A).

Standardized Free Cash Flow

Standardized Free Cash Flow (see the *Non-IFRS Financial Measures* section on page 25 for further explanation of Standardized Free Cash Flow) for the twelve months ended December 30, 2023 increased by $257.1 million to an inflow of $160.3 million compared to an outflow of $96.8 million for the twelve months ended December 31, 2022. This increase reflects favorable changes in non-cash working capital, lower income taxes paid and lower capital expenditures during the twelve months ended December 30, 2023 as compared to the twelve months ended December 31, 2022, partially offset by lower cash flows provided by operations, and higher interest paid during the last twelve months.

Net Non-Cash Working Capital

(Amounts in $000s)		December 30, 2023		December 31, 2022		Change
Accounts receivable	**$**	**100,634**	$	96,531	**$**	**4,103**
Inventories		**295,624**		472,311		**(176,687)**
Prepaid expenses		**7,390**		6,254		**1,136**
Accounts payable and accrued liabilities		**(148,343)**		(190,919)		**42,576**
Provisions		**(154)**		(189)		**35**
Net non-cash working capital	**$**	**255,151**	$	383,988	**$**	**(128,837)**

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 $128.8 million to $255.2 million at December 30, 2023 as compared to $384.0 million at December 31, 2022, 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, as described in the *"Seasonality"* section on page 7 of this MD&A. Due to the global supply chain challenges in Fiscal 2022, the Company was proactive in securing inventory supply, most notably in the second half of Fiscal 2022 which has carried over into 2023 as reflected in the higher inventories balances when compared to fiscal years prior to Fiscal 2022. As global supply chain challenges have changed, there has been a decreased investment in inventory as compared to Fiscal 2022. However, going forward we do expect the trend of inventory peaking between December and March to continue, and we believe we have sufficient availability on our working capital credit facility to finance our working capital requirements throughout 2024.

Capital Expenditures

Gross capital expenditures (including computer software) were $5.9 million and $19.0 million during the thirteen and fifty-two weeks ended December 30, 2023, respectively, as compared to capital expenditures of $8.8 million and $20.7 million during the thirteen and fifty-two weeks ended December 31, 2022, respectively. Capital expenditures in 2023 are lower than the prior year reflecting the timing of capital projects due to labour shortages and procurement of materials. The Company anticipates continued investment in the modernization of our capital assets.

Excluding strategic initiatives that may arise, management expects that capital expenditures in 2024 will be between $20.0 million to $24.0 million and funded by cash generated from operations and short-term borrowings.

Other Liquidity Items

Share-Based Compensation Awards

Share-based compensation expense decreased to $1.5 million in 2023 compared to $2.9 million in 2022 and is non-cash until unit holders exercise the awards. The change in share-based compensation is discussed on page 9 of this MD&A. Additional details regarding the Company's share-based compensation are provided in Note 17 *"Share-based compensation"* to the Consolidated Financial Statements.

During 2023, unit holders exercised Performance Share Units ("PSUs") and Restricted Share Units ("RSUs") and received cash in the amount of $5.5 million (2022: $4.8 million). The liability for share-based compensation awards at the end of Fiscal 2023 was $6.6 million compared to $10.7 million at the end of Fiscal 2022.

Any options exercised in shares are cash positive or cash neutral if the holder elects to use the cashless exercise method under the plan. Cash received from options exercised for shares during 2023 was $nil (2022: $nil).

Defined Benefit Pension Plans

The Company's defined benefit pension plans can impact the Company's cash flow requirements and liquidity. In 2023, the defined benefit pension expense for accounting purposes was $1.1 million (2022: $1.2 million) and the annual cash contributions were $0.3 million lower than the 2022 accounting expense (2022: $0.3 million lower). For 2024, we expect cash contributions to be approximately $2.0 million (CAD$2.7 million) and the defined benefit pension expense to be approximately $0.7 million (CAD$0.9 million). We have more than adequate availability under our working capital credit facility to make the required future cash contributions to our defined benefit pension plans. As well, we have a SERP liability for accounting purposes of $4.7 million that is secured by a letter of credit in the amount of $6.2 million.

Contractual Obligations

Contractual obligations relating to our bank loans, long-term debt, lease liabilities, and purchase obligations as at December 30, 2023 were as follows:

(Amounts in $000s)		Total		Less than 1 year		1–5 Years		Thereafter
Bank loans	**$**	**3,000**	$	3,000	$	—	$	—
Long-term debt		**298,925**		30,126		268,799		—
Lease liabilities		**13,088**		5,514		7,574		—
Purchase obligations		**119,904**		101,076		18,828		—
Total contractual obligations	**$**	**434,917**	$	139,716	$	295,201	$	—

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 on page 33 and the *Foreign Currency* section on page 40 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 25 *"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 2023 annual consolidated financial statements for further discussion of the Company's financial risks and policies.

RELATED PARTY TRANSACTIONS

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

In addition to transactions between the Parent and subsidiaries, High Liner Foods may enter into certain transactions and agreements in the normal course of business with certain other related parties (see Note 23 *"Related party*

disclosures" to the Consolidated Financial Statements). Transactions with these parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company had no related party transactions, excluding key management personnel compensation, for the fifty-two weeks ended December 30, 2023 and fifty-two weeks ended December 31, 2022.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS financial measures and ratios (together, "measures") in this MD&A: Adjusted Earnings before Interest, and Taxes ("Adjusted EBIT"); Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"); Adjusted EBITDA as a Percentage of Sales; Adjusted Net Income; Adjusted Diluted Earnings per Share ("Adjusted Diluted EPS"); Standardized Free Cash Flow; Net Debt; and Net Debt to Rolling Twelve-Month Adjusted EBITDA. The Company believes these non-IFRS financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below. These measures do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted EBITDA and Adjusted EBITDA as Percentage of Sales

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for items that are not considered representative of ongoing operational activities of the business. The related margin, Adjusted EBITDA as a Percentage of Sales, is defined as Adjusted EBITDA divided by net sales, where net sales is defined as "Sales" on the consolidated statements of income.

We use Adjusted EBITDA (and Adjusted EBITDA as a percentage of sales) as a performance measure as it approximates cash generated from operations before capital expenditures and changes in working capital, and it excludes the impact of expenses and recoveries associated with certain non-routine items that are not considered representative of the ongoing operational activities, as discussed above, and share-based compensation expense related to the Company's share price. For the fifty-two weeks ended December 31, 2022, Adjusted EBITDA also excludes the $10.0 million in insurance proceeds. We believe investors and analysts also use Adjusted EBITDA (and Adjusted EBITDA as a percentage of sales) to evaluate the performance of our business. The most directly comparable IFRS measure to Adjusted EBITDA is "Net income" on the consolidated statements of income. Adjusted EBITDA is also useful when comparing to other companies, as it eliminates the differences in earnings that are due to how a company is financed. Also, for the purpose of certain covenants on our credit facilities, "EBITDA" is based on Adjusted EBITDA, with further adjustments as defined in the Company's credit agreements.

The following table reconciles Adjusted EBITDA with measures that are found in our Consolidated Financial Statements, and calculates Adjusted EBITDA as a Percentage of Sales.

(Amounts in $000s)		Thirteen weeks ended December 30, 2023		Thirteen weeks ended December 31, 2022
Net income	**$**	**6,416**	$	11,131
Add back (deduct):				
Depreciation and amortization expense		**7,977**		6,170
Finance costs		**5,817**		5,951
Income tax expense		**666**		307
Standardized EBITDA		**20,876**		23,559
Add back (deduct):				
Business acquisition, integration and other expenses (income)		**410**		945
Impairment of property, plant and equipment		**—**		164
(Gain) loss on disposal of assets		**(67)**		30
Share-based compensation expense		**668**		687
Adjusted EBITDA	**$**	**21,887**	$	25,385
Net Sales	**$**	**237,126**	$	250,346
Adjusted EBITDA as Percentage of Sales		**9.2%**		**10.1%**

(Amounts in $000s)		Fifty-two weeks ended December 30, 2023		Fifty-two weeks ended December 31, 2022
Net income	**$**	**31,677**	$	54,730
Add back (deduct):				
Depreciation and amortization expense		**26,373**		23,578
Finance costs		**26,178**		18,261
Income tax expense		**2,434**		11,094
Standardized EBITDA		**86,662**		107,663
Add back (deduct):				
Business acquisition, integration and other expenses (income)[1]		**7,070**		(7,173)
Impairment of property, plant and equipment		**—**		332
(Gain) loss on disposal of assets		**(109)**		163
Share-based compensation expense		**1,469**		2,882
Adjusted EBITDA	**$**	**95,092**	$	103,867
Net Sales	**$**	**1,080,338**	$	1,069,714
Adjusted EBITDA as a Percentage of Sales		**8.8%**		**9.7%**

[1] The business acquisition, integration and other expenses (income) for the fifty-two weeks ended December 30, 2023, includes $7.1 million in legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn. For the fifty-two weeks ended December 31, 2022, this amount includes insurance proceeds of $10.0 million relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn, which is excluded in Adjusted EBITDA.

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. For the fifty-two weeks ended December 31, 2022, Adjusted Net Income also excludes the $10.0 million in insurance proceeds. The most comparable IFRS financial measures are net income and EPS.

The table below reconciles our Adjusted Net Income with measures that are found in our Consolidated Financial Statements and calculates Adjusted Diluted EPS.

	Thirteen weeks ended December 30, 2023		Thirteen weeks ended December 31, 2022	
	$000s	Adjusted Diluted EPS	$000s	Adjusted Diluted EPS
Net income	**$ 6,416**	**$ 0.20**	$ 11,131	$ 0.32
Add back (deduct):				
Business acquisition, integration and other expenses (income)	**410**	**0.01**	945	0.03
Impairment of property, plant and equipment	**—**	**—**	164	—
Share-based compensation expense	**668**	**0.03**	687	0.02
Tax impact of reconciling items	**(201)**	**(0.01)**	(609)	(0.02)
Adjusted Net Income	**$ 7,293**	**$ 0.23**	$ 12,318	$ 0.35
Average shares for the period (000s)		**33,776**		35,130

	Fifty-two weeks ended December 30, 2023		Fifty-two weeks ended December 31, 2022	
	$000s	Adjusted Diluted EPS	$000s	Adjusted Diluted EPS
Net income	**$ 31,677**	**$ 0.93**	$ 54,730	$ 1.56
Add back (deduct):				
Business acquisition, integration and other expenses (income) [(1)]	**7,070**	**0.21**	(7,173)	(0.20)
Impairment of property, plant and equipment	**—**	**—**	332	0.01
Share-based compensation expense	**1,469**	**0.04**	2,882	0.08
Tax impact of reconciling items	**(1,536)**	**(0.04)**	941	0.03
Adjusted Net Income	**$ 38,680**	**$ 1.14**	$ 51,712	$ 1.48
Average shares for the period (000s)		**33,934**		35,069

[(1)] The business acquisition, integration and other expenses (income) for the fifty-two weeks ended December 30, 2023, includes $7.1 million in legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn. For the fifty-two weeks ended December 31, 2022 this amount includes insurance proceeds of $10.0 million relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn, which is excluded in Adjusted Net Income.

[2] The tax impact of reconciling items includes the tax impact of the insurance proceeds of $10.0 million received during the second quarter of fiscal 2022 which is excluded in Adjusted Net Income.

Standardized Free Cash Flow

Standardized Free Cash Flow is cash flow provided by operating activities less capital expenditures (net of investment tax credits) as reported in the consolidated statements of cash flows. The capital expenditures related to business acquisitions are not deducted from Standardized Free Cash Flow.

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

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

	Twelve months ended		
(Amounts in $000s)	**December 30, 2023**	**December 31, 2022**	**Change**
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes paid	**$ 88,706**	$ 108,631	**$ (19,925)**
Net change in non-cash working capital balances	**124,463**	(161,003)	**285,466**
Interest paid	**(24,902)**	(14,741)	**(10,161)**
Income taxes paid	**(8,953)**	(9,045)	**92**
Cash flows provided by operating activities	**179,314**	(76,158)	**255,472**
Less:			
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets	**(19,049)**	(20,670)	**1,621**
Standardized Free Cash Flow	**$ 160,265**	$ (96,828)	**$ 257,093**

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

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

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

Net Debt to Rolling Twelve-Month Adjusted EBITDA is calculated as Net Debt divided by Rolling Twelve-Month Adjusted EBITDA (see page 26). We consider Net Debt to Rolling Twelve-Month Adjusted EBITDA to be an important indicator of our ability to generate earnings sufficient to service our debt, that enhances understanding of our financial performance and highlights operational trends. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies; however, the calculations of Adjusted EBITDA may not be comparable to those of other companies, which limits their usefulness as comparative measures.

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

(Amounts in $000s)	December 30, 2023	December 31, 2022
Bank loans	**$ 2,559**	$ 127,554
Add-back: Deferred finance costs included in bank loans [1]	**441**	574
Total bank loans	**3,000**	128,128
Long-term debt	**233,791**	238,200
Current portion of long-term debt	**5,625**	7,500
Add-back: Deferred finance costs included in long-term debt [2]	**3,607**	4,972
Less: Net loss on modification of debt [3]	**(393)**	(542)
Total term loan debt	**242,630**	250,130
Long-term portion of lease liabilities	**6,997**	2,813
Current portion of lease liabilities	**4,589**	4,622
Total lease liabilities	**11,586**	7,435
Less: Cash	**(7,300)**	(155)
Net Debt	**$ 249,916**	$ 385,538
Rolling Twelve-Month Adjusted EBITDA	**$ 95,092**	103,867
Net Debt to Rolling Twelve-Month Adjusted EBITDA	**2.6x**	**3.7x**

[1] Represents deferred finance costs that are included in "Bank loans" in the consolidated statements of financial position. See Note 11 to the Consolidated Financial Statements.
[2] Represents deferred finance costs that are included in "Long-term debt" in the consolidated statements of financial position. See Note 14 to the Consolidated Financial Statements.
[3] The net gain/loss on modification of debt has been excluded from the calculation of Net Debt as it does not represent the expected cash outflows from the term loan facility. See Note 14 to the Consolidated Financial Statements.

Return on Assets Managed

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

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

The table below reconciles Adjusted EBIT to the non-IFRS measure, Adjusted EBITDA (see page 22 of this MD&A), and calculates ROAM using our average net assets, calculated on a rolling thirteen-month basis, and Adjusted EBIT.

(Amounts in $000s)	December 30, 2023	December 31, 2022
Adjusted EBITDA	**$ 95,092**	$ 103,867
Less:		
Depreciation and amortization expense	**26,373**	23,578
Adjusted EBIT	**$ 68,719**	$ 80,289
Thirteen-month rolling average net assets managed	**757,639**	719,508
ROAM	**9.1%**	11.2%

Return on Equity

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

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

The table below calculates ROE using our average common equity calculated on a rolling thirteen-month basis, and Adjusted Net Income (see page 24 of this MD&A).

(Amounts in $000s)	December 30, 2023	December 31, 2022
Adjusted Net Income	**$ 38,680**	$ 51,712
Less:		
Share-based compensation expense	**1,469**	2,882
Tax impact of reconciling items	**(1,005)**	
	38,216	48,830
Thirteen-month rolling average common equity	**361,491**	325,871
ROE	**10.6%**	15.0%

GOVERNANCE

Our 2023 Management Information Circular, to be filed in connection with our Annual General Meeting of Shareholders on May 14, 2024, includes full details of our governance structures and processes.

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

Our Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("CFO") have evaluated the design and effectiveness of our DC&P as of December 30, 2023. They have concluded that our current DC&P are designed to provide, and do operate to provide, reasonable assurance that: (a) information required to be disclosed by the Company in its annual filings or other reports filed or submitted by it under applicable securities legislation is

recorded, processed, summarized and reported within the prescribed time periods; and (b) material information regarding the Company is accumulated and communicated to the Company's management, including its CEO and Interim CFO, to allow timely decisions regarding required disclosure.

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

There has been no change in the Company's ICFR during 2023 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

ACCOUNTING ESTIMATES AND STANDARDS

Critical Accounting Estimates

The preparation of the Company's Consolidated Financial Statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. Actual outcomes may differ from these estimates under different assumptions and conditions that could require a material adjustment to the reported carrying amounts in the future.

The most material estimates made by management include the following:

Impairment of non-financial assets

The Company's estimate of the recoverable amount for the purpose of impairment testing requires management to make assumptions regarding future cash flows before taxes. Future cash flows are estimated based on multi-year extrapolation of the most recent historical actual results and/or budgets, and a terminal value calculated by discounting the final year in perpetuity. The future cash flows are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to the North American business. Further details, including the manner in which the Company identifies its cash-generating unit ("CGU"), and the key assumptions used in determining the recoverable amount, are disclosed in Note 10 "*Goodwill and intangible assets*" to the Consolidated Financial Statements.

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

Future employee benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate, future salary increases, mortality rates and future pension increases. In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Interest income on plan assets is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the discount rate. See Note 15 "*Future employee benefits*" to the Consolidated Financial Statements for certain assumptions made with respect to future employee benefits.

Income taxes

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

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

Fair value of financial instruments

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

Sales and marketing accruals

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

Accounting Standards

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

As disclosed in Note 3 *"Accounting policies"* to the Consolidated Financial Statements for the period ended December 30, 2023, we adopted the following standards, interpretations and amendments to existing standards that were effective for annual periods beginning on January 1, 2023 and that the Company has adopted on January 1, 2023:

IAS 1, *Disclosure of Accounting Policies*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statements 2 *Making Materiality Judgements,* to help entities provide accounting policy disclosures that are more useful by replacing the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company has adopted the amendments which had no material impact to its Consolidated Financial Statements.

IAS 12, *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
In May 2021, the IASB issued amendments to IAS 12, *Income taxes* to require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

These amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company has adopted these amendments which had no impact on its Consolidated Financial Statements.

Accounting pronouncements issued but not yet effective

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

IAS 1, *Presentation of Financial Statements*

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively. The Company is currently evaluating the impact of these amendments on its Consolidated Financial Statements and will apply the amendments from the effective date.

IAS 7 & IFRS 7, *Supplier Finance Arrangements*

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively. The Company is currently evaluating the impact of these amendments on its Consolidated Financial Statements and will apply the amendments from the effective date.

IAS 12, *Income Taxes*

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

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

The Company has not yet applied the temporary exception during the current interim period because the Company operates in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Company will disclose known or reasonably estimable information that helps users of financial statements to understand the Company's exposure to Pillar Two income taxes in the Company's annual consolidated financial

statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

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. Many of these risk factors are described below, including those the Company considers to be the most material. These risk factors, along with other risks and uncertainties not currently known to the Company or that the Company currently considers immaterial, could materially and adversely affect the Company's performance, operating results and ability to pay dividends or return capital to shareholders.

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

Geopolitical Risk

Although the Company's operations are principally in North America, it sources seafood globally and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary for each country and include, but are not limited to: international armed conflict and terrorism, including Russia's invasion of Ukraine and the terrorist attacks on civilian ships in the Red Sea; fluctuations in currency exchange rates; inflation rates; labour unrest; civil commotion and unrest; global pandemics and related regulatory and operating restrictions impacting supply chains; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political conditions and social unrest; changes in trade agreements; economic sanctions, import/export trade restrictions, tariffs and other trade barriers.

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

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

In 2018, the USTR commenced certain trade actions, including imposing tariffs on certain goods imported from China, including some of the species the Company imports from China. 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.

Food Safety

At High Liner Foods, food safety is our top priority. Our brand equity and reputation are inextricably linked to the quality and safety of our food products, and we must be vigilant in ensuring our products are safe and comply with all applicable laws and regulations. Customers expect consistently safe, quality products and their expectations are unwavering regardless of the commodity or complexity of the supply chain. Consumers are increasingly better informed about conscientious food choices.

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

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

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

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

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

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

Product Liability and Recall

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

Procurement and Availability of Seafood

Our business depends upon the procurement of frozen raw seafood materials and finished goods on world markets. In 2023, the Company purchased approximately 154.5 million pounds of seafood, with an approximate value of $511.4 million. Seafood markets are global with values expressed in USD. In 2023, we bought approximately 24 species of seafood from 20 countries around the world. There are no formal hedging mechanisms in the seafood market. Prices can fluctuate due to changes in the balance between supply and demand over which the Company has little or no control. Weather, quota changes, disease, geopolitical issues, including economic sanctions, tariffs and trade barriers, and other environmental impacts in key fisheries can affect supply.

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

The Company expects demand for seafood to grow from current levels as the global economy, and particularly the emerging market countries including Brazil, Russia, India, and China ("BRIC") and Southeast Asian economies, improve. In general, we expect the supply of wild-caught seafood in our core species to be stable over the long term. We anticipate new seafood demand will be supplied primarily from aquaculture. Currently, four of the top seven species consumed in North America (shrimp, salmon, tilapia and pangasius) are partly or totally supplied by aquaculture and approximately 32% of the Company's procurement, by value, is related to aquaculture products. To the extent there are unexpected declines in our core products of wild-caught seafood, or aquaculture is unable to supply future demand, prices may increase materially, which may have a negative impact on the Company's results. Changes in the relative values of currency can change the demand from a particular country whose currency has

risen or fallen as compared to the U.S. dollar. The increasing middle class and government policies in emerging economies, as well as demand from health-conscious consumers, can affect demand as well.

Our broad product line and customer base, along with geographically diverse procurement operations, help us mitigate changes in the cost of our raw materials. We purchase frozen raw material and finished goods originating from many different areas of the world and ensure, to the extent possible, that our supplier base is diverse to ensure no over-reliance on any source. Our strategy is to always have at least two suppliers of seafood products, where possible. In addition, product formulation changes, long-term relationships with suppliers, and price changes to customers are all important factors in our ability to manage supply of necessary products.

The Company is currently not vertically integrated. In the event supply shortages of certain seafood, or trade barriers to acquiring seafood as a result of economic sanctions or otherwise, results in difficulty procuring species, the financial results of High Liner Foods may be adversely affected.

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

Seafood Production from Asia

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

Competition Risk

High Liner Foods competes with a number of food manufacturers and distributors and its competition varies by distribution method, product category and geographic market. Competition is based on factors such as product availability, product quality and taste, price, brand recognition, product variety, product packaging and design, shelf space, reputation, nutritional and other claims, effective promotions, and the ability to target changing consumer preferences. The Company may experience price pressure as a result of, among other things, competitors' promotional effort and strategies to increase market share. Competitive pressures from new and existing competitors could result in reduced sales, margins, profits, and market share, all of which could have a material adverse effect on the Company's financial condition and results of operations.

The Company's ability to increase revenue and execute its business strategy depends in part on its ability to cost-effectively attract new customers and consumers and retain existing customers and consumers. If the Company is unable to do this, its business, financial condition and operating results may be materially adversely affected. Further, if customers or consumers do not perceive the Company's product offerings to be of sufficient value and quality, or if it fails to offer new and relevant product offerings, it may not be able to attract or retain customers or

engage existing customers so that they continue to purchase products. There is no guarantee that the investment that the Company is making in marketing, advertising, and innovation will be successful in attracting or retaining market share or that it will deliver the anticipated long-term financial benefits underpinning growth targets.

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

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

Information Technology and Cybersecurity Risk

High Liner Foods relies on information technology systems and network infrastructure operated by it or under the control of third parties in all areas of operations and is therefore exposed to an increasing number of sophisticated cybersecurity threats. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving. A cybersecurity attack directly on the Company or on one of the Company's service providers that results in a breach of sensitive information could disrupt systems and services and compromise the Company's financial position or brands, and/or otherwise adversely affect the Company's ability to achieve its strategic objectives.

The Company maintains policies, processes and procedures, as well as regular training and testing to address capabilities, performance, security and availability including resiliency and disaster recovery for systems, infrastructure and data. Security protocols, along with corporate information security policies, address compliance with information security standards, including those relating to information belonging to the Company's customers, suppliers and employees. The Company actively monitors, manages and continues to enhance its ability to mitigate cyber risk through its enterprise-wide programs, however, there is no assurance that any of these measures will be successful.

The implementation of major information technology projects carries with it various risks, including the risk of realization of benefits, that must be mitigated by disciplined change management and governance processes. The Company has a business process optimization team staffed with knowledgeable internal resources (supplemented by external resources as needed) that is responsible for implementing the various initiatives. This team reports to the Audit Committee on the Company's information technology and cybersecurity risks on a quarterly basis.

The Company also regularly implements process improvement initiatives to simplify and harmonize its systems and processes to optimize performance and reduce the risk of errors in financial reporting. There cannot be any guarantee that any such changes will improve current processes or operating results or reduce the risk of errors in financial reporting. Any of these failures could have a material adverse impact on the Company's financial condition and results of operations.

Consumer Trends

The success of the Company depends in part on the Company's ability to respond to market trends and macro-economic factors and develop innovative products that anticipate and respond to the changing tastes, dietary habits

and purchasing power of consumers. From time to time, certain products are deemed more or less healthy and/or costly and this can impact consumer buying patterns. The Company's failure to anticipate, identify, or react to these changes or to innovate could result in declining demand and prices for the Company's products, which in turn could have a material adverse effect on the Company's financial condition and results of operations.

Sustainability and Corporate Social Responsibility

The success and growth of our business relies heavily upon our ability to use our position in the marketplace to protect, preserve and manage the natural resources essential for our business in a sustainable manner. Sustainability is a core value that supports all sectors of our business and has positioned the Company for organic growth into the future, and is reflected in the Company's purpose statement, "Reimagining Seafood to Nourish Life".

High Liner Foods made a public sustainability commitment in late 2010 to source its seafood from "certified sustainable or responsible" fisheries and aquaculture by the end of 2013. The Company was substantially successful in fulfilling this commitment and is now recognized as a global leader in driving best practice improvements in wild fisheries and aquaculture. Customers will continue to demand product solutions that are innovative, high quality and responsibly sourced. To the extent we fail to meet these customer expectations, or customer expectations in this regard change, operational results and brand equity may be adversely affected. Credible sustainability certifications - such as Marine Stewardship Council (MSC) certified, Aquaculture Certification Council (ASC), Global Seafood Alliance (GSA) and others that have been successfully benchmarked by the Global Sustainable Initiative (GSSI) - have become a required tool to validate industry-driven wild fishery and aquaculture improvements. Environmental advocacy groups will continue to expect use of credible certification schemes to define sustainable wild fisheries and aquaculture. The reliance on credible sustainability certifications, such as MSC, ASC, and GSA, introduces risks related to maintaining compliance with evolving certification standards. Changes in certification requirements or failure to uphold certification standards could impact the company's reputation and market position.

In 2015, the Company implemented a social compliance program with seafood suppliers which outlines acceptable standards for the treatment of all suppliers' employees, and their suppliers' employees, involved in the production of seafood product for our Company. High Liner Foods takes adherence to the Supplier Code of Conduct extremely seriously and has a zero tolerance policy for any violations of its Code of Conduct. Implementation of social compliance programs with seafood suppliers mitigates risks associated with labor practices and worker treatment. However, failure to ensure compliance with these standards could result in reputational damage and potential legal or ethical issues.

Corporate Social Responsibility ("CSR") is a term used to refer to the set of voluntary actions companies take to mitigate the social and environmental impacts of their operations on society. CSR is significant in the seafood industry as seen through the multiplication of private initiatives such as certification programs, sourcing commitments and improvement projects. Many of the issues addressed through CSR in seafood occur in the upstream end of seafood supply chains and include sustainable fish stocks, social aspects such as working conditions and fair wages, and transparency. High Liner Foods has continued its leadership position with the preparation of CSR reports since 2016 that disclose many of the improvement efforts underway.

In the short term, enhanced policies related to sustainability, environmental and social compliance both within High Liner Foods and its supply chain may add to the Company's operating costs. While investment in sustainability and social compliance initiatives may lead to long-term benefits, such as stabilized fishery stocks and increased efficiency, there are short-term risks associated with higher operating costs. These increased costs could impact profitability, particularly if not managed effectively. The long-term benefit of this investment is now being realized through the stabilization of most global wild fishery stocks and continued increase in aquaculture growth that now supplies more than 50% of the global seafood demand. Operating costs are beginning to decrease through more efficient use of energy, water, reduction of waste, and through a rigorous continuous improvement process.

The Board of Directors and management believe that high environmental, social and governance ("ESG") standards support the Company's profitability and valuation and aligns with the values of our stakeholders. Given the

importance and pervasiveness of ESG to the Company's risk management and business strategies, the oversight function has been assigned across various committees of the Board, where deemed most appropriate. The Governance Committee oversees the Company's ESG framework as well as management's integration of ESG into the overall governance structure, business strategy and risk management practices of High Liner Foods. The Audit Committee oversees environmental compliance matters and the Human Resources Committee reviews the health and safety performance of the Company. The Human Resources Committee also oversees the performance metrics and weightings regarding safety and ESG in executive compensation.

High ESG standards are integral to the Company's profitability, valuation, and stakeholder alignment. However, there are risks associated with effectively integrating ESG considerations into governance structures, business strategies, and risk management practices. Failure to address these risks could undermine the company's financial performance and stakeholder relationships. Meeting the expectations of stakeholders regarding ESG performance and disclosure is crucial for maintaining trust and credibility. Failure to address stakeholder concerns or effectively communicate ESG efforts could lead to reputational damage and decreased investor confidence.

Environmental Risk and Regulation

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

The Company has publicly committed to reducing GHG emissions and food waste. While the Company has taken steps to assess the commercial feasibility of these initiatives, there is no assurance that the ongoing costs of these initiatives will continue to be economically sustainable. There are several potential risks that could undermine or delay meeting these goals, including that the energy savings and carbon reduction initiatives in Scope 1 and 2 and food waste reduction initiatives may not be implemented, due to capital or technical constraints, or such projects fail to achieve the intended benefits. In addition, to the extent of the applicable laws, regulations and industry standards related to emission reductions change, it is possible that the Company's practices, processes and facilities will require significant modifications in order to comply. Additionally, it is possible that the changes necessary to reduce emissions will not be feasible or that the costs will be material, either of which could have a material adverse effect on the Company's operations and financial position. Should these risks materialize, contingencies such as installation of onsite renewable power generation and purchasing renewable energy credits could be utilized to mitigate these risks. The Company has developed and implemented process and controls to ensure data integrity.

Climate Change

The potential effects of climate change could have a material impact on the Company and its operations, due to associated physical, financial, compliance and reputational risks. Physical risks resulting from climate change can be event-driven (acute) or long-term (chronic) shifts in climate patterns that may have financial implications for the Company, including direct damage to the Company's assets and indirect impact to the Company's supply chain.

Various seafood species and non-seafood products are vulnerable to adverse climatic and weather conditions and natural disasters, including warming oceans, windstorms, hurricanes, floods, droughts, fires, temperature extremes and earthquakes, some of which are common but difficult to predict. Severe weather conditions may occur with higher frequency or may be less predictable in the future due to climate change. Such adverse weather conditions could impact both the availability and the quality of seafood and non-seafood products procured by the Company

and prevent or impair the Company's ability to procure and sell products as planned. These factors can increase cost, decrease our sales, and lead to additional expenditures, which may have a material adverse effect on the Company's business, financial condition and results from operations.

Business Continuity Risk

The Company faces inherent risks to our business continuity, including but not limited to disruptions caused by natural disasters including rising sea levels, cyberattacks, geopolitical instability, and regulatory changes. These disruptions could result in operational downtime, supply chain interruptions, loss of data, and damage to our reputation. While management has implemented comprehensive business continuity plans and regularly test the response procedures, there remains a possibility of unforeseen events impacting our operations and financial performance. The Company's ability to effectively manage and mitigate these risks is critical to maintaining operational resilience and ensuring long-term shareholder value.

Growth (Other than by Acquisition)

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

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

Acquisition and Integration Risk

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

In addition, the Company may not be able to maintain the levels of operating efficiency that the acquired company had achieved or might have achieved had it not been acquired by the Company. Successful integration of the acquired company's operations would depend upon the Company's ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, the Company may not be able to achieve the cost savings and other benefits that it expected to achieve with the acquisition. Any difficulties in this process could disrupt the Company's ongoing business, distract its management, result in the loss

of key personnel or customers, increase its expenses and otherwise materially adversely affect the Company's business, financial condition, liquidity and operating results. Further, inherent in any acquisition, there is risk of liabilities and contingencies that the Company may not discover in its due diligence prior to the consummation of a particular acquisition, and the Company may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any acquisition could also have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Employment Matters

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

Credit Risk

The Company grants credit to its customers in the normal course of business. Credit valuations are performed on a regular basis and the financial statements take into account an allowance for expected credit losses. Despite regular credit valuations and the allowance for expected credit losses, there is still inherent risk associated with extending credit to customers. Economic downturns, industry-specific challenges, or individual customer financial instability could lead to higher-than-expected credit losses. Although the Company insures its accounts receivable risk, impairment losses related to receivables have historically been insignificant. Although impairment losses related to receivables have been historically insignificant, past performance may not be indicative of future outcomes. Changes in market conditions or customer financial health could lead to unexpected impairment losses in the future. As of the date of filing this report, we are not aware of any customer that is in financial trouble that would result in a material loss to the Company and our receivables are substantially current at year-end. While the Company is not currently aware of any customers in financial trouble, there is always a risk of unforeseen events impacting customer financial stability. Changes in industry dynamics, regulatory changes, interest rates, inflation, currency fluctuations or unforeseen events could impact customer payment behavior and lead to customer defaults and material losses for the Company.

Customer Consolidation

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

Consolidation of customers is expected to result in some consolidation of suppliers in the U.S. seafood industry. The supply of seafood, especially in the U.S. foodservice market, is highly fragmented. Consolidation is needed to reduce costs and increase service levels to keep pace with the expectation of customers.

Reputation and Public Opinion

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

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

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

Foreign Currency

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

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

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

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

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

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

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The Policy excludes certain products where the price in the marketplace moves up or down with changes in the CAD cost of the product. Approximately $50-80 million of the USD purchases of the Parent are part of the hedging program annually and are usually hedged between 40-75% of the next twelve months of forecasted purchases. We

are currently forecasting purchases of $60.3 million to be hedged in 2024 and of this amount, 48.3% was hedged as of December 30, 2023. Details on the hedges in place as at December 30, 2023 are included in Note 25 *"Fair value measurement"* to the Consolidated Financial Statements.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which relates to the Company's debt obligations with floating interest rates. Fluctuations in market interest rates can impact the fair value and future cash flows of the Company's financial instruments, particularly its debt obligations with floating interest rates. Changes in interest rates may affect the company's borrowing costs and overall financial performance. The Company's policy is to manage interest rate risk by having a mix of fixed and variable rate debt. The Company's objective is to keep between 35% and 55% of its borrowings at fixed rates of interest. To manage this, the Company enters into fixed rate debt facilities or interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional amount. These swaps are designated to hedge the underlying debt obligations. Interest rate options that effectively fix the maximum rate of interest that the Company will pay may also be used to manage this exposure. Despite the Company's efforts to manage interest rate risk, there is no guarantee that it will be completely eliminated. Unexpected changes in interest rates could still have a material adverse impact on the company's financial condition and results of operations. At December 30, 2023, 51.2% of the Company's borrowings, including the long-term debt and the working capital facility, were either hedged or at a fixed rate of interest (December 31, 2022: 34.3%).

Interest rate sensitivity

The Company's income before income taxes is sensitive to the impact of a change in interest rates on that portion of debt obligations with floating interest rates, with all other variables held constant. An increase or decrease in interest rates can impact the Company's profitability, with all other variables held constant. As at December 30, 2023, the Company's current bank loans were $3.0 million (December 31, 2022: $128.1 million) and long-term debt was $243.0 million (December 31, 2022: $250.7 million). An increase of 25 basis points on the bank loans would have reduced income before income taxes by $nil (December 31, 2022: $0.3 million). An increase of 25 basis points above the SOFR floor on the long-term debt would have reduced income before income taxes by $0.3 million (December 31, 2022: $0.4 million). A corresponding decrease in respective interest rates would have an approximately equal and opposite effect. There is no impact on the Company's equity except through changes in income.

Liquidity Risk

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

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

The Company monitors its risk to a shortage of funds using a detailed budgeting process that identifies financing needs for the next twelve months as well as models that look out five years. Working capital and cash balances are

monitored daily and a procurement system provides information on commitments. This process projects cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, letters of credit, bank loans, notes payable and lease liabilities. The Company's objective is that not more than 50% of borrowings should mature in the next twelve-month period.

At December 30, 2023, approximately 4% of our debt will mature in the next twelve-month period based on the carrying value of borrowings reflected in the Consolidated Financial Statements. Our long-term debt is described in Note 14 *"Long-term debt"* to the Consolidated Financial Statements. At December 30, 2023 and at the date of this document, we are in compliance with all covenants and terms of our banking facilities.

Non-Seafood Commodity Prices

The Company's operating costs are affected by price changes in commodities such as crude oil, wheat, corn, paper products and frying oils. To minimize our risk, the Company's *"Price Risk Management Policy"* dictates the use of fixed pricing with suppliers whenever possible but allows the use of hedging with derivative instruments if deemed prudent. Throughout 2023 and 2022, the Company has managed this risk through contracts with suppliers.

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

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

Availability of Non-Seafood Goods

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

Uncertainty of Return of Capital

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

The Company also has a history of maintaining a normal course issuer bid in place that it may use to repurchase its shares for cancellation. Refer to Note 16 "*Share capital*" to the Consolidated Financial Statements for more information related to the Company's current NCIB share repurchase plan. There can be no assurance that the Company will continue with share repurchases.

Pension Plan Assets and Liabilities

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

The asset mix of our defined benefit pension plans was established with the objective of reducing the volatility of the plan's anticipated funded position. This has resulted in investing part of the portfolio in fixed income assets with a duration similar to that of the pension obligations. The latest actuarial valuations of these two plans were performed as at Fiscal 2021 for the Nova Scotia Union Plan and as at Fiscal 2022 for the Management Plan, and showed: a going concern excess of CAD$0.2 million and an unfunded liability of CAD$7.0 million, respectively, and a solvency deficiency of CAD$0.2 million and CAD$2.5 million, respectively.

FORWARD-LOOKING INFORMATION

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; the ability to develop new and innovative products that result in increased sales and market share; increased demand for the Company's products whether due to the recognition of the health benefits of seafood or otherwise; inflation, changes in costs for seafood and other raw materials; 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; economic and geopolitical conditions such as Russia’s invasion of Ukraine and the implementation and/or expansion of related sanctions; impact of the inflationary environment, expected amount and timing of cost savings related to the optimization of the Company's structure; 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 a global 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 this MD&A and the *Risk Factors* section of our most recent 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; ability to import seafood into North America while adhering to updated government sanctions; ability to adapt to regulatory changes and increase flexibility on seafood substitutions in certain products with customers; availability and price of seafood raw materials and finished goods and the impact of geopolitical events (and related economic sanctions) on the same; the impact of the U.S Trade Representative's tariffs on certain seafood products; costs of commodity products, freight, storage and other production inputs, and the ability to pass cost increases on to customers; successful integration of acquired operations; potential increases in maintenance and operating costs; shifts in market demands for seafood; performance of new products launched and existing products in the market place; changes in laws and regulations, including environmental, taxation and regulatory requirements; technology changes with respect to production and other equipment and software programs; enterprise resource planning system risk; adverse impacts of cybersecurity attacks or breach of sensitive information; supplier fulfillment of contractual agreements and obligations; competitor reactions; completion and/or advancement of sustainability initiatives, including, without limitation, initiatives relating to the carbon workplan, waste reduction and/or seafood sustainability and traceability initiatives; High Liner Foods' ability to generate adequate cash flow or to finance its future business requirements through outside sources; credit risk associated with receivables from customers; volatility associated with the funding status of the Company's post-retirement pension benefits; adverse weather conditions and natural disasters; the availability of adequate levels of insurance; management retention and development; economic and geopolitical conditions such as Russia’s invasion of Ukraine and the implementation and/or expansion of related sanctions; and the potential impact of a pandemic outbreak of a contagious illness, on general economic and business conditions and therefore the Company's operations and financial performance.
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.