Clearwater®

2019 THIRD QUARTER REPORT

remarkable seafood, responsible choice

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LETTER TO SHAREHOLDERS

- Third quarter sales and adjusted EBITDA[1] were $175.2 million and $34.5 million, up 6.7% and 12.4% respectively versus the prior year.

- Year-to-date sales and adjusted EBITDA[1] were $449.2 million and $84.8 million, up 3.9% and 5.6% respectively versus the prior year.

- Adjusted EBITDA and gross margin as a percentage of sales expanded to 18.9% and 20.2% respectively, in the first nine months of 2019 compared to 18.6% for both in the prior year.

- Cash from operations was $22.7 million in the third quarter, up 7.0% versus the prior year.

- The Board of Directors declared a dividend of $0.05 per share payable on December 2, 2019 to shareholders of record as of November 18, 2019.

Third Quarter Results

Clearwater achieved record year-to-date sales of $449.2 million. Year-over-year adjusted EBITDA growth was 5.6%.

Sales for third quarter and year-to-date grew 6.7% and 3.9% respectively, as compared to the same periods of 2018. Strong harvest conditions, landings and available supply in scallops, clam and langoustines were partially offset by competitive market conditions for scallops, particularly in smaller sizes and FAS shrimp.

Adjusted EBITDA for third quarter and year-to-date was $34.5 million and $84.8 million respectively, as compared to $30.7 million and $80.3 million in 2018. Gross margin as a percentage of sales increased in the third quarter and year-to-date due to strong harvest conditions and favourable mix for clam and scallops. Steady market demand for lobster was partially offset by increased competition in key markets. Overall, access to supply and customer demand in procured species remained strong as compared to the prior year.

Strong sales growth continued in Asia and Europe with year-to-date sales up 9.0% in Asia and third quarter sales up 16.3% in Europe.

Average foreign exchange rates realized on sales had a net negative impact on sales of $0.8 million in the third quarter and a net positive impact of $1.2 million year-to-date, as compared to the same periods of the prior year.

Cash from operations and free cash flow were $22.7 million and $18.3 million, respectively, in the third quarter versus $21.2 million and $18.9 million in the prior year reflecting higher inventory due to strong harvest conditions and increased access to supply of procured species partially offset by timing of sales and distributions to non-controlling interests.

Debt and Leverage

Leverage for the third quarter 2019 was 4.9x compared to 5.0x for the same period in 2018. Leverage improved compared to the third quarter of 2018 as adjusted EBITDA attributable to shareholders increased.

Dividends

On November 5, 2019, the Board of Directors approved and declared a dividend of $0.05 per share payable on December 2, 2019 to shareholders of record as of November 18, 2019.

The Board reviews Clearwater's dividends on a regular basis to ensure the dividend level remains consistent with Clearwater's dividend policy.

These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation and therefore, qualify for the favourable tax treatment applicable to such dividends.

Seasonality

Clearwater's business experiences a predictable seasonal pattern in which sales, margins and adjusted EBITDA are lower in the first half of the year and higher in the second half. Investments in capital expenditures and working capital are typically higher in the first half of the year and lower in the second half. This normally results in lower cash flows, higher debt balances and higher leverage in the first half of the year and higher cash flows, lower debt balances and lower leverage in the second half.

OUTLOOK

For full year 2019, we expect top and bottom-line growth across multiple species and regions, led by Asia-Pacific. Growth will be driven by the strong harvest conditions and improved access to supply for procured species along with continued margin expansion and cost control.

Strong harvest conditions and improved access to supply for procured species enabled investment in high value inventory in the first nine months of the year. Clearwater benefited from this strong inventory position as third quarter sales volume, revenue, margins and adjusted EBITDA growth was consistent with seasonal expectations.

Adjusted EBITDA growth and margin expansion will drive cash flow in the final quarter of 2019. Consistent with third quarter performance, our high value inventory will continue to fuel distribution expansion into new markets and channels along with strengthening overall results.

Clearwater has access to the full clam total allowable catch for 2019. In the first quarter of 2019, Clearwater entered into a voluntary agreement forging a 50-year partnership with fourteen Indigenous communities. The partnership provides a mechanism for significant Indigenous participation and stable long-term access in the clam fishery, providing protection for existing jobs in the fishery while also creating meaningful economic, employment and capacity building benefits for First Nations. Importantly, the partnership expands Clearwater's strategic business relationships with Indigenous partners and supports Clearwater's commitment to diversity in the workplace while recognizing the value of Clearwater's previous investments in science, technology and infrastructure.

This Landmark agreement provides millions of dollars in benefits to First Nations through annual revenue sharing, training, leadership, development, employment, as well as procurement of goods and services from Indigenous suppliers. Beyond this agreement, Clearwater will continue to advance working relationships with Indigenous partners to the benefit of all parties.

Clearwater's core fisheries are managed for long-term sustainability. We have taken and will continue to pursue timely and carefully considered measures in response to near-term challenges including; adjustments to harvest plans, pricing and distribution strategies, technology innovation and cost and working capital reductions. These measures will generate strong cash flows from operations, reduce debt and leverage, yield a higher return on assets and generate positive returns in shareholder value.

Global demand for seafood is being driven by a growing worldwide population, shifting consumer tastes towards healthier diets, and rising purchasing power of middle-class consumers in emerging economies. The supply of wild seafood is limited and is expected to continue to lag behind the growing global demand. This supply-demand imbalance has created a marketplace in which purchasers of seafood are increasingly willing to pay a premium to suppliers that can provide consistent quality and food safety, wide diversity and reliable delivery of premium, wild, sustainably harvested seafood.

Clearwater is well positioned to take advantage of this opportunity with its proprietary licences, premium product quality, diversity of species, global sales footprint and year-round harvest and delivery capability.

Core Strategies

Expanding Access to Supply - Expanding access to supply of core species and other complementary, high demand, premium, wild and sustainably-harvested seafood through improved utilization and productivity of core licences as well as acquisitions, partnerships, joint ventures and commercial agreements.

Target Profitable and Growing Markets, Channels and Customers - Clearwater targets growing markets, consumers, channels and customers on the basis of size, profitability, demand for eco-label seafood. Our focus is to win in key channels and with customers that are winning with consumers.

Innovate and Position Products to Deliver Superior Customer Satisfaction and Value - We continue to work with customers on new products and formats as we innovate and position our premium seafood to deliver superior satisfaction and value that is differentiated by relevant dimensions such as taste, quality, safety, sustainability, wellness, convenience and fair labour practices.

Increase Margins by Improving Price Realization and Cost Management - Leverage the scarcity of seafood supply and increasing global demand, in addition to continuing to invest in, innovate and adopt state-of-the-art technology, systems and processes.

Pursue and Preserve the Long-Term Sustainability of Resources on Land and Sea - As a leading global supplier of wild-harvested seafood, sustainability remains at the core of our business and our mission. Investing in the long-term health and the responsible harvesting of the oceans and its bounty is every harvester's responsibility and the only proven way to ensure access to a reliable, stable, renewable and long-term supply of seafood. Sustainability is not just good business, like innovation it's in our DNA.

Build Organizational Capability, Capacity and Engagement - We attract, train and retain the best talent to build business system and process excellence company-wide.

Ian Smith
Chief Executive Officer
Clearwater Seafoods Incorporated
November 5, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared effective November 5, 2019.

The Audit Committee and the Board of Directors of Clearwater Seafoods Incorporated ("Clearwater", or "the Company") have reviewed and approved the contents of this MD&A, the interim consolidated Financial Statements and the 2019 third quarter news release.

This MD&A should be read in conjunction with the 2019 third quarter interim consolidated Financial Statements, the 2018 annual consolidated Financial Statements, the 2018 annual MD&A and the 2018 Annual Information Form, which are available on SEDAR at www.sedar.com as well as Clearwater's website, www.clearwater.ca.

COMMENTARY REGARDING FORWARD-LOOKING STATEMENTS

This report contains "forward-looking information" as defined under applicable Canadian securities legislation, including but not limited to, statements regarding future plans and objectives of Clearwater. Forward-looking information typically, but not always, contains statements with words such as "anticipate", "does not anticipate", "believe", "estimate", "forecast", "intend", "expect", "does not expect", "may", "will", "should", "plan", or other similar terms that are predictive in nature.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information, but which may prove to be incorrect due to various known and unknown risks, uncertainties, and other factors outside of managements' control. Examples may include, but are not limited to, total allowable catch levels, resource supply, selling prices, weather, exchange rates, fuel and other input costs. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information.

For additional information with respect to risk factors applicable to Clearwater, reference should be made to those factors discussed under the heading "Risks and Uncertainties" in this management discussion and analysis and Clearwater's continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, Clearwater's Annual Information Form.

The forward-looking information contained in this report is made as of the date of this release and Clearwater does not undertake to update publicly or revise the forward-looking information contained in this report, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

No regulatory authority has approved or disapproved the adequacy or accuracy of this report.

NON-IFRS MEASURES

This MD&A makes reference to non-IFRS measures to supplement the analysis of Clearwater's results. These measures are provided to enhance the reader's understanding of our current financial performance. They are included to provide investors and management with an alternative method for assessing our operating results in a manner that is focused on the performance of our ongoing operations and to provide a consistent basis for comparison between periods. These non-IFRS measures are not recognized measures under IFRS, and therefore they may not be comparable to similar measures presented by other companies.

Management believes that in addition to sales, net earnings and cash provided by operating activities, these non-IFRS measures are useful terms from which to determine Clearwater's ability to generate cash for investment in working capital, capital expenditures, debt service, income tax and dividends.

These non-IFRS measures include adjusted EBITDA, adjusted earnings, free cash flows, leverage, and return on assets.

Refer to non-IFRS measures reconciliations for further information.

CLEARWATER OVERVIEW

Clearwater is North America's largest vertically integrated harvester, processor and distributor of premium shellfish. Clearwater is a **leading global provider of wild-caught shellfish** with harvesting operations in Canada, Argentina and the UK. Clearwater is recognized for its consistent high quality, wide diversity, and reliable delivery of premium, wild, eco-labeled seafood, including scallops, lobster, clams, coldwater shrimp, langoustine, whelk, crab and groundfish with approximately 93 million pounds sold in 2018.

Global demand for premium wild-caught seafood among aging boomers and a rising middle class in the Asia-Pacific region is outpacing resource supply creating **powerful industry fundamentals**. This, in combination with conservatively managing seafood fisheries to protect the long-term health of the industry, is creating new opportunities from the rising demand for high-quality sustainable seafood.

Clearwater's **vertical integration, significant shellfish quota and licence holdings and global sales force combine to make Clearwater an industry leader in shellfish with sustainable competitive advantages.**

Clearwater maintains the widest selection of Marine Stewardship Council ("MSC")-certified species of any shellfish harvester worldwide. Regulatory authorities strictly control access to quota and rarely grant new licences.

Clearwater continues to maintain competitive advantage through investment in research and development, technology and intellectual property that has resulted in state-of-the-art factory vessels with harvesting and processing capabilities that enable high productivity and frozen-at-sea products that deliver superior taste and quality.

Clearwater maintains a global, direct sales force that is capable of interacting with and selling directly to diverse markets worldwide. Our channel mix in food service, retail and other food industries ensures a diverse community of customers and we have no single customer representing more than 7% of total annual sales.

Clearwater's **proven and experienced leadership team** continues to build upon its world class capabilities in quality assurance and control, food safety, operations, new product development and leadership. Through its deep industry knowledge and talent, our team will continue to deliver on our operational and financial growth opportunities.

2019 Strategic Update and Capability to Deliver Results

Clearwater's mission is to "build the world's most extraordinary, wild seafood company, dedicated to sustainable seafood excellence." We continue to execute against our six core business strategies delivering on our customer and consumer brand promise of "Remarkable Seafood, Responsible Choice".

Refer to the annual MD&A for a comprehensive discussion of Clearwater's Strategies and Capability to Deliver Results.

Third quarter updates on activities impacting our strategic pillars and our capability to deliver results:

Strategies

1. **Expanding access to supply** – Expanding access to procured species through supplier relationships, long-term supply agreements and utilizing Clearwater's global supply chain to accommodate new procured species.

   In June 2019, Clearwater successfully entered the Canadian Sea Cucumber Fishery. Canadian Sea Cucumber or *Cfrondosa* is a well-established seafood export to Asia and is recognized for its taste, texture, sustainability, traceability and food safety. Clearwater has taken advantage of its industry-leading and well-established sales capability, extensive Asian customer distribution network, geographic proximity to the resource and technical expertise in value-added processing. Canadian Sea Cucumber is an abundant resource and we expect this new species to provide an attractive source of long-term incremental sales revenue and profit

2. **Target profitable & growing markets, channels & customers** – Global demand for shellfish remains strong. Clearwater continues to focus on distribution expansion for clam and UK products including langoustine, crab and whelk. Concurrently, we have successfully expanded sales and distribution in Brazil and Vietnam.

3. **Innovate and position products to deliver superior customer satisfaction and value** – We continue to work with customers on new products and formats as we innovate and position our premium seafood to deliver superior satisfaction and value that is differentiated on the dimensions of taste, quality, safety, sustainability, wellness, convenience, and fair labour practices.

   In the third quarter, Clearwater participated in a number of trade shows including the Mutual Trading Japanese Food & Restaurant Expo in New York City, Lobster Fish Trade Show in Deerlijk, Belgium, True World Foods Expo in New York City, and Wismettack Food and Sake Exhibition in California, USA. Clearwater showcased a full range of Clearwater premium product offerings including, arctic surf clam and cockle clam, Canadian sea scallops and lobster.

4. **Increase margins by improving price realization and cost management** – Margins have benefited from a revitalized fleet resulting in lower costs and higher value for certain harvested species as well as from improvements in procurement strategies.

   Clearwater realized top and bottom-line growth in the first nine months of 2019. Margins are actively managed through a robust demand planning system which considers current market conditions and pricing and allocates products to markets and customers to maximize margins while continuous improvement programs manage costs.

   Clearwater has deployed state-of-the-art automated sorting and defect detection technology in scallop and clam, contributing to greater processing efficiencies, product quality and yield.

5. **Pursue and preserve the long-term sustainability of resources on land and sea** – Clearwater undertakes key research initiatives to support the long-term sustainability of our fisheries including innovative ocean bottom mapping research and analysis, which Clearwater conducts in partnership with academic institutions. Our ocean bottom mapping data is exclusive intellectual property that contributes directly to harvest efficiency while reducing impact on the ocean habitat and improving sustainability.

Seafood currently ranks lower than other proteins in terms of greenhouse gas emissions per gram of protein and Clearwater continues to actively reduce our carbon footprint by advancing our company-wide sustainability framework to improve economic, environmental and social outcomes on land and sea.

On an annual basis, Clearwater, in collaboration with other industry participants, continues to undertake video monitoring research in the Canadian and Argentina sea scallop fishery adding to our understanding of resource dynamics and development of harvest strategies that support long-term sustainability. In the UK, we are participating in collaborative industry initiatives to advance science and management of UK shellfish fisheries such as the recent UK Scallop Management Conference.

6. **Build organizational capability, capacity & engagement** – Clearwater continues to invest in talent and programs to build world-class capabilities throughout its organization.

   On June 21, 2019 Clearwater employees honoured National Indigenous Peoples Day and participated in cultural awareness training as Clearwater strengthens its partnerships with indigenous communities.

Capability to Deliver Results

- **Liquidity and capital resources –** Leverage for third quarter 2019 was 4.9x compared to 5.0x for the same period of 2018. Leverage improved compared to the third quarter of 2018 as adjusted EBITDA attributable to shareholders increased in response to higher sales volume, revenue and margin expansion associated with strong harvesting conditions across multiple species in the first nine months of 2019.

- **Total allowable catch** – Following the Department of Fisheries ("DFO") announcement to cancel the process to issue a fourth clam licence in late 2018, the remaining 25 percent of the clam quota was issued to Clearwater for 2019.

  In March 2019, Clearwater and fourteen First Nations communities in Nova Scotia and Newfoundland and Labrador reached a landmark reconciliation agreement in the Arctic Surf Clam Fishery.

  Effective January 1, 2019, the Landmark agreement began providing millions of dollars in benefits to First Nations through annual revenue sharing, training, leadership development, employment, as well as procurement of goods and services from Indigenous suppliers. The partners have also committed to work together to submit an Expression of Interest in any future DFO process. The partnership provides a mechanism for significant Indigenous participation and stable long-term access in the clam fishery with providing protection for existing jobs in the fishery while also creating meaningful economic, employment and capacity building benefits for First Nations. Importantly, the partnership also expands Clearwater's strategic business relationships with Indigenous partners and supports Clearwater's commitment to diversity in the workplace while recognizing the value of Clearwater's previous investment in science, technology and infrastructure.

- **Harvesting fleet** – Our vessel fleet includes traditional and state-of-the-art factory vessels operating in Canada, the United Kingdom and Argentina.

EXPLANATION OF FINANCIAL RESULTS

Clearwater uses Key Performance Indicators ("KPIs") and Financial Measures to assess progress against our six core strategies.

Key performance indicators and financial measures

In 000's of Canadian dollars	13 weeks ended **September 28 2019**	13 weeks ended September 29 2018	39 weeks ended **September 28 2019**	39 weeks ended September 29 2018
Profitability				
Sales	**$ 175,200**	$ 164,225	**$ 449,159**	$ 432,439
Sales growth	**6.7%**	0.4%	**3.9%**	(3.1%)
Gross margin	**$ 37,767**	$ 33,305	**$ 90,907**	$ 80,370
Gross margin (as a % of sales)	**21.6%**	20.3%	**20.2%**	18.6%
Adjusted EBITDA[1,2]	**$ 34,490**	$ 30,686	**$ 84,771**	$ 80,301
Adjusted EBITDA[1,2] (as a % of sales)	**19.7%**	18.7%	**18.9%**	18.6%
Adjusted EBITDA attributable to shareholders[1,2]	**$ 29,405**	$ 25,373	**$ 71,952**	$ 66,453
Adjusted EBITDA attributable to shareholders[1,2] (as a % of sales)	**16.8%**	15.5%	**16.0%**	15.4%
Earnings (loss) attributable to shareholders	**$ 7,804**	$ 10,818	**$ 24,092**	$ (3,863)
Basic earnings (loss) per share	**$ 0.12**	$ 0.17	**$ 0.37**	$ (0.06)
Diluted earnings (loss) per share	**$ 0.12**	$ 0.17	**$ 0.37**	$ (0.06)
Adjusted earnings (loss) attributable to shareholders[1,2]	**$ 7,280**	$ 3,719	**$ 12,334**	$ 11,043
Adjusted earnings (loss) per share	**$ 0.11**	$ 0.06	**$ 0.19**	$ 0.17
Cash Flows and Leverage				
Cash from (used in) operating activities	**$ 22,727**	$ 21,249	**$ (591)**	$ 30,651
Cash from (used in) financing activities	**(33,775)**	(23,311)	**(12,998)**	(27,913)
Cash from (used in) investing activities	**1,801**	1,427	**(11,635)**	(12,339)
Free cash flows[1]	**$ 18,259**	$ 18,879	**$ (25,144)**	$ 12,555
Leverage[1,3]	**4.9x**	5.0x	**4.9x**	5.0x
Returns				
Return on assets[1,4]	**8.9%**	8.0%	**8.9%**	8.0%
Total assets	**736,463**	746,084	**736,463**	746,084

[1] *Refer to discussion on non-IFRS measures, definitions and reconciliations within the Management Discussion and Analysis.*
[2] *Adjusted earnings before interest, tax, depreciation and amortization.*
[3] *Leverage is calculated as twelve month rolling adjusted EBITDA attributable to shareholders to net debt and differs from the calculation of leverage for covenant purposes. Net debt at September 28, 2019 includes lease liabilities of $7.0 million recognized upon transition to IFRS 16, effective January 1, 2019.*
[4] *Return on assets is calculated as twelve months rolling adjusted earnings before interest and taxes to total average quarterly assets.*

Third quarter and year-to-date key highlights

The following are key highlights and developments based on Clearwater's KPIs and Financial Measures for the third quarter and year-to-date 2019.

Profitability
Third quarter sales grew 6.7% and adjusted EBITDA increased $3.8 million as compared to the prior year. Year-to-date sales and adjusted EBITDA grew 3.9% and 5.6% respectively, as compared to the prior year.

- Adjusted EBITDA as a percentage of sales increased 100 basis points from 18.7% to 19.7% in third quarter and 30 basis points to 18.9% year-to-date 2019 reflecting strong harvest conditions and favourable sales mix weighted toward higher margin species.
- Strong harvest conditions and favourable mix in scallops and clams along with steady market demand for lobster contributed to increased sales volumes in third quarter and year-to-date 2019.
- Access to supply and customer demand in other procured species, including langoustine and crab, remained strong as compared to the prior year.
- Sales in Europe expanded by 16% in third quarter 2019 from favourable mix for scallops and available supply of scallops and langoustines. Sales growth continued in Asia with year-to-date sales up 9% as compared to the prior year following the expansion of distribution channels and growing market demand for clams.
- Earnings attributable to shareholders decreased $3.0 million in the third quarter and increased $28.0 million year-to-date. Year-to-date increase is primarily due to unrealized foreign exchange gains on derivative contracts and long-term debt.
- Adjusted earnings attributable to shareholders increased $3.6 million and $1.3 million in the third quarter and year-to-date of 2019, respectively, as compared to the same periods in 2018, as a result of higher gross margin partially offset by realized foreign exchange losses on working capital.

Cash flows and leverage
Leverage improved slightly to 4.9x compared to 5.0x in the third quarter of 2018. Cash from operations increased $1.5 million in the third quarter and decreased $31.2 million year-to-date, as compared to the same periods of 2018.

- Leverage improved due to higher adjusted EBITDA attributable to shareholders following strong harvest conditions across multiple species, favourable sales mix in scallops and clam and higher available supply of langoustines.
- Year-to-date cash from operations decreased over prior year as EBITDA growth was offset by higher inventory due to strong harvesting conditions for scallops and higher available supply for procured species. Timing of sales and other working capital changes contributed to the decrease in year-to-date cash from operations.

Returns
Return on assets[1] increased to 8.9% as compared to 8.0% as at September 2018 primarily due to higher EBIT year-to-date 2019 as compared to 2018 and lower average assets following a weakening GBP versus the Canadian dollar. Higher EBIT in 2019 is due to strong harvesting conditions for most species and sales mix in 2019.

1 – Refer to discussion on non-IFRS measures, definitions and reconciliations

EXPLANATION OF CHANGES IN EARNINGS

Overview

The Condensed Consolidated Interim Financial Statements reflect the results of Clearwater for the 13 and 39 weeks ended September 28, 2019 and September 29, 2018. For supplemental non-IFRS measures, refer to discussion on non-IFRS measures in the non-IFRS measures, definitions and reconciliations section of this interim MD&A. Detailed discussion on the components of consolidated earnings (loss) follows.

			13 weeks ended			39 weeks ended
In 000's of Canadian dollars	**September 28 2019**	September 29 2018	Change	**September 28 2019**	September 29 2018	Change
Sales	**$ 175,200**	$ 164,225	$ 10,975	**$ 449,159**	$ 432,439	$ 16,720
Cost of goods sold	**137,433**	130,920	6,513	**358,252**	352,069	6,183
Gross margin	**37,767**	33,305	4,462	**90,907**	80,370	10,537
Gross margin as a % of sales	***21.6%***	*20.3%*	*1.3%*	***20.2%***	*18.6%*	*1.7%*
Operating expenses						
Administrative and selling	**14,678**	14,470	(208)	**43,232**	40,834	(2,398)
Restructuring costs	**-**	-	-	**-**	482	482
Net finance costs	**8,137**	8,439	302	**24,094**	24,120	26
(Gains) losses on derivative financial instruments	**(486)**	(5,535)	(5,049)	**(10,037)**	788	10,825
Foreign exchange (gains) losses on long-term debt and working capital	**715**	(305)	(1,020)	**(1,199)**	7,381	8,580
Other (income) expense	**(729)**	(1,262)	(533)	**(2,901)**	(3,840)	(939)
Research and development	**116**	674	558	**391**	1,393	1,002
	22,431	16,481	(5,950)	**53,580**	71,158	17,578
Earnings (loss) before income taxes	**15,336**	16,824	(1,488)	**37,327**	9,212	28,115
Income tax expense (recovery)	**3,682**	1,566	(2,116)	**3,550**	2,361	(1,189)
Earnings (loss)	**$ 11,654**	$ 15,258	$ (3,604)	**$ 33,777**	$ 6,851	$ 26,926
Earnings (loss) attributable to:						
Non-controlling interest	**$ 3,850**	$ 4,440	$ (590)	**$ 9,685**	$ 10,714	$ (1,029)
Shareholders of Clearwater	**7,804**	10,818	(3,014)	**24,092**	(3,863)	27,955
	$ 11,654	$ 15,258	$ (3,604)	**$ 33,777**	$ 6,851	$ 26,926
Adjusted EBITDA attributed to:						
Non-controlling interest	**$ 5,085**	$ 5,313	$ (228)	**$ 12,819**	$ 13,848	$ (1,029)
Shareholders of Clearwater	**29,405**	25,373	4,032	**71,952**	66,453	5,499
Adjusted EBITDA[1]	**$ 34,490**	$ 30,686	$ 3,804	**$ 84,771**	$ 80,301	$ 4,470

1 – Refer to discussion on non-IFRS measures, definitions and reconciliations

Sales by species

In 000's of Canadian	**September 28 2019**	September 29 2018	Change	**September 28 2019**	September 29 2018	Change
	13 weeks ended			39 weeks ended		
Scallops	**$** 45,028	$ 44,592	$ 436	**$** 123,781	$ 127,964	$ (4,183)
Clams	32,592	29,357	3,235	86,414	82,886	3,528
Lobster	27,259	22,616	4,643	67,141	66,179	962
Coldwater shrimp	16,145	15,383	762	51,407	56,912	(5,505)
Crab	21,003	19,204	1,799	37,230	27,991	9,239
Langoustine	12,735	10,402	2,333	34,806	27,965	6,841
Whelk	7,221	6,306	915	22,721	22,554	167
Groundfish and other species	13,217	16,365	(3,148)	25,659	19,988	5,671
	$ 175,200	$ 164,225	$ 10,975	**$ 449,159**	$ 432,439	$ 16,720

Sales by region

In 000's of Canadian	**September 28 2019**	September 29 2018	Change	**September 28 2019**	September 29 2018	Change
	13 weeks ended			39 weeks ended		
Europe	**$ 57,599**	$ 49,506	$ 8,093	**$ 144,459**	$ 141,906	$ 2,553
China	**43,282**	39,876	3,406	**108,012**	86,178	21,834
Japan	**16,195**	19,680	(3,485)	**46,454**	57,060	(10,606)
Other Asia	**10,537**	8,050	2,487	**32,702**	28,521	4,181
Asia	**70,014**	67,606	2,408	**187,168**	171,759	15,409
United States	**18,944**	23,141	(4,197)	**55,583**	66,620	(11,037)
Canada	**28,640**	23,964	4,676	**61,934**	52,067	9,867
North America	**47,584**	47,105	479	**117,517**	118,687	(1,170)
Other	**3**	8	(5)	**15**	87	(72)
	$ 175,200	$ 164,225	$ 10,975	**$ 449,159**	$ 432,439	$ 16,720

Clearwater reported sales for the third quarter of 2019 of $175.2 million versus 2018 comparative results of $164.2 million. Year-to-date 2019 sales were $449.2 million versus 2018 comparatives of $432.4 million.

Strong harvest conditions, landings and higher available supply in scallops, clam, crab and langoustines were partially offset by competitive market conditions for scallops and frozen-at-sea ("FAS") shrimp. Timing of FAS shrimp and turbot landings had a favourable impact on year-to-date sales.

Average foreign exchange rates realized on sales for the third quarter had a net negative impact to sales of $0.8 million and year-to-date 2019 a net positive impact on sales of $1.2 million, respectively, as compared to the same periods in the prior year.

Scallops

- Strong sales mix and harvesting conditions contributed to higher sales for our larger sized premium scallops in third quarter and year-to-date 2019.
- While competitive conditions associated mainly with US scallop landings and Peruvian scallop supply continued, Scallop prices have stabilized in 2019.

1 – Refer to discussion on non-IFRS measures, definitions and reconciliations

Clams

- Favourable mix, harvest conditions and net foreign exchange positively impacted sales in third quarter and year-to-date 2019.
- Clearwater continues to drive volume, revenue and profitability through expanded customer and channel penetration and geographic distribution, especially in Asia.

Lobster

- Steady market demand, particularly in Asia, increased sales volumes in third quarter and year-to-date 2019.
- Volumes improved in the third quarter as our competitively advantaged live storage capability enabled Clearwater to target profitable market opportunities for our premium hard-shell lobster.

Coldwater shrimp

- Sales remained consistent in the third quarter and have decreased year-to-date 2019 as compared to the same periods in 2018.
- Timing of landings of FAS shrimp, unfavourable mix and competitive market conditions contributed to the decrease year-to-date 2019.
- Competitive market conditions associated with increased global supply impacted pricing for certain sizes and formats.

Crab

- Sales for third quarter and year-to-date 2019 outpaced the prior year as expanded procurement in the UK and Canada, increased available supply.

Langoustine

- Langoustine sales increased in third quarter and year-to-date 2019 as compared to the same periods in 2018 as higher overall industry landings increased available supply.

Whelk

- Sales increased in third quarter of 2019 compared to the same period in 2018 primarily due to timing of sales. Sales year-to-date 2019 are consistent compared to the same period of 2018.

Groundfish and other

- Sales decreased in the third quarter and increased year-to-date 2019 as compared to the same periods of 2018 primarily due to the timing of landings of turbot. Third quarter and year-to-date sales benefited from the introduction of sea cucumber in 2019.

Europe

Clearwater's largest scallop market and a key market for coldwater shrimp, langoustines, crab and lobster products.

- Sales for third quarter and year-to-date 2019 increased $8.1 million and $2.6 million as compared to the same periods in 2018.

- Availability of supply and favourable sales mix for scallops, in combination with price stabilization resulted in increased sales in third quarter as compared to 2018. Higher langoustine sales volumes due to the availability of supply was offset by competitive market conditions for FAS shrimp and a regional shift of FAS shrimp sales to Asia markets in 2019.

- The Euro, GBP and DKK weakened against the Canadian dollar in the third quarter and year-to-date 2019 resulting in a net negative impact of $2.0 million and $4.4 million, respectively, as compared to the same periods in 2018.

1 – Refer to discussion on risks and uncertainties

China
Key market for clams, coldwater shrimp, lobster, crab and turbot.

- Sales for third quarter and year-to-date 2019 increased $3.4 million and $21.8 million, respectively, as compared to the same periods of 2018, resulting from increased demand in China across multiple species. Higher clam sales with favourable product mix weighted towards higher sales prices, availability of supply of langoustines and introduction of sea cucumber contributed to increased sales. Pricing for FAS shrimp partially offset the increase in sales in the third quarter of 2019 as competitive shrimp products remained in the marketplace.

- Sales in China are almost exclusively transacted in US dollars. Third quarter and year-to-date sales for 2019 were positively impacted by $0.6 million and $2.7 million, respectively, from higher average foreign exchange rates as compared to the same period of the prior year.

Japan
Primary species are clams, lobster, coldwater shrimp and turbot.

- Sales for third quarter and year-to-date decreased $3.5 million and $10.6 million, respectively, as compared to the same periods in 2018. The decrease was primarily due to timing of landings for turbot and a regional shift of clam sales to China and other Asia partially offset by timing of landings and pricing for FAS shrimp.

- Sales in Japan are typically transacted in yen. The yen continued to strengthen in third quarter and year-to-date as compared to the prior year resulting in a net positive impact of $0.4 million and $0.9 million respectively.

Other Asia
Region includes Korea, Australia, Taiwan, Singapore, Malaysia, Vietnam and other Asian countries. Whelk, clams, sea scallops and lobster are key products for these markets.

- Sales for third quarter and year-to-date 2019 increased $2.5 million and $4.2 million, respectively, as compared to the same periods in 2018 primarily as a result of growth in sales for lobster and FAS shrimp. Timing of landings for turbot have also contributed to increased sales year-to-date 2019.

United States
Primary species are scallops, lobster and clams.

- Sales for third quarter and year-to-date 2019 decreased $4.2 million and $11.0 million, respectively, as compared to the same periods in 2018 primarily as a result of sales shifting to markets yielding higher prices. Third quarter 2019 sales were positively impacted by timing of sales and pricing for lobster, clams and scallops which remain lower on a year-to-date basis.

- Sales for third quarter and year-to-date 2019 were positively impacted $0.2 million and $1.4 million, respectively, by average foreign exchange rates as compared to the same periods in the prior year.

Canada
Primary species are lobster, scallops, snow crab, clams and coldwater shrimp.

- Sales for third quarter and year-to-date 2019 increased $4.7 million and $9.9 million, respectively, as compared to the same periods in 2018 due to strong harvesting conditions scallops and strong landings for snow crab.

Average foreign exchange rates realized on sales

For third quarter of 2019, unfavourable foreign exchange rates for Euro, GBP and DKK offset by favourable foreign exchange rates for the USD and JPY as compared to the same period of 2018, negatively impacting sales by $0.8 million.

Year-to-date 2019, favourable foreign exchange rates for USD and JPY offset by unfavourable foreign exchange rates for Euro, GBP and DKK, positively impacted sales by $1.2 million.

				13 weeks ended				39 weeks ended
		September 28 2019		September 29 2018		**September 28 2019**		September 29 2018
Currency	**% sales**	**Average rate realized [1]**	% sales	Average rate realized[1]	**% sales**	**Average rate realized[1]**	% sales	Average rate realized[1]
US dollars	**51.7%**	**1.322**	50.5%	1.305	**48.3%**	**1.328**	45.0%	1.295
Euros	**23.4%**	**1.465**	22.8%	1.517	**22.0%**	**1.487**	22.7%	1.534
Canadian dollar and other	**9.5%**		8.4%		**10.6%**		9.4%	
UK pounds	**8.0%**	**1.622**	8.1%	1.702	**9.8%**	**1.686**	9.4%	1.742
Japanese yen	**4.4%**	**0.012**	7.5%	0.012	**6.1%**	**0.012**	8.9%	0.012
Danish kroner	**3.0%**	**0.196**	2.7%	0.203	**3.2%**	**0.200**	4.6%	0.208
	100.0%		100.0%		**100.0%**		100.0%	

[1] Refer to discussion on risks and uncertainties.

Cost of goods sold

Cost of goods sold includes harvesting and procurement costs, manufacturing costs, depreciation, transportation and administration.

Cost of goods sold increased in the third quarter and year-to-date 2019 by $6.5 million and $6.2 million respectively, as compared to the same period of 2018 primarily due to increased sales volumes and sales mix weighted towards procured species.

Harvesting and procurement include all costs incurred in the operation of the vessels including labour, fuel, repairs and maintenance, fishing gear, supplies, other costs and fees plus procured raw material costs for lobster, shrimp, scallops, crab, langoustine and whelk.

Gross margin

Gross margin for the third quarter and year-to-date 2019 increased $4.5 million and $10.5 million, respectively, as compared to the same periods of 2018. Gross margin as a percentage of sales expanded to 20.2% year-to-date 2019 compared to 18.6% in the prior year.

Gross margin increased due to strong harvest conditions in clam and scallops and favourable mix in scallops. Sales prices for scallops stabilized in 2019. Steady market demand for lobster was partially offset by lower selling prices, due to increased competition in key markets. Overall access to supply and customer demand in other procured species remained strong as compared to the prior year.

Average foreign exchange rates realized on sales had a net negative impact to gross margin of $0.8 million in the third quarter and a net positive impact of $1.2 million year-to-date, as compared to the same periods of 2018.

Operating expenses

In 000's of Canadian dollars	13 weeks ended September 28 2019	September 29 2018	Change	39 weeks ended September 28 2019	September 29 2018	Change
Salaries and benefits	$ **10,417**	$ 10,730	$ 313	$ **31,507**	$ 30,815	$ (692)
Share-based compensation	**834**	1,006	172	**1,725**	794	(931)
Employee compensation	**11,251**	11,736	485	**33,232**	31,609	(1,623)
Consulting and professional fees	**3,379**	3,043	(336)	**9,577**	9,638	61
Other[1]	**2,709**	2,837	128	**9,687**	9,495	(192)
Allocation to cost of goods sold[2]	**(2,661)**	(3,146)	(485)	**(9,264)**	(9,908)	(644)
Administrative and selling	$ **14,678**	$ 14,470	$ (208)	$ **43,232**	$ 40,834	$ (2,398)
Restructuring costs	**-**	-	-	**-**	482	482
Operating expenses	$ **14,678**	$ 14,470	$ (208)	$ **43,232**	$ 41,316	$ (1,916)

[1] Other includes, but is not limited to, selling costs, travel and occupancy, depreciation and donations.

[2] Allocation to cost of goods sold reflects costs that are attributable to the production of goods and are included in the cost of inventory.

Operating expenses increased $0.2 million and $1.9 million for the third quarter and year-to-date 2019 as compared to the same periods of 2018. Year-to-date increase was primarily due to higher share-based compensation driven by changes in Clearwater's period-end share price and timing of employee compensation, partially offset by cost savings.

Net finance costs

In 000's of Canadian dollars	13 weeks ended September 28 2019	September 29 2018	Change	39 weeks ended September 28 2019	September 29 2018	Change
Interest and bank charges	$ **7,391**	$ 7,559	$ 168	$ **21,850**	$ 21,490	$ (360)
Amortization of deferred financing charges	**445**	428	(17)	**1,326**	1,260	(66)
	7,836	7,987	151	**23,176**	**22,750**	(426)
Accretion on deferred consideration	**301**	452	151	**918**	1,370	452
	301	452	151	**918**	1,370	452
	$ **8,137**	$ 8,439	$ 302	$ **24,094**	$ 24,120	$ 26

Net finance costs decreased $0.3 million in the third quarter and remained consistent year-to-date 2019 as compared to the same periods in 2018. The decrease in interest and bank charges in the third quarter was primarily due to lower average revolving debt balances. The year-to-date increase in interest and bank charges of $0.4 million is due to the USD strengthening against the CDN dollar and higher interest rates, partially offset by lower revolving debt balances.

(Gains) losses on derivative financial instruments

In 000's of Canadian dollars	13 weeks ended September 28 2019	September 29 2018	Change	39 weeks ended September 28 2019	September 29 2018	Change
Realized (gain) loss						
Forward foreign exchange contracts	$ **729**	$ 2,306	$ 1,577	$ **339**	$ (244)	$ (583)
Unrealized (gain) loss						
Forward foreign exchange contracts	**(1,215)**	(7,841)	(6,626)	**(10,376)**	1,032	11,408
	$ **(486)**	$ (5,535)	$ (5,049)	$ **(10,037)**	$ 788	$ 10,825

Clearwater is primarily an export company with more than 85% of our sales taking place outside Canada in foreign currencies. As part of our risk management strategy, we enter into short-term forward contracts to provide greater certainty regarding exchange rates and cash flows for a period of time. We recognize any realized gains and losses on these instruments as they mature and are settled.

Clearwater also recognizes unrealized non-cash gains and losses on these instruments resulting from the change in fair value. Clearwater estimates the fair value of the derivative financial instruments based on forward prices and converts them to Canadian dollars at each balance sheet date. The unrealized non-cash gains or losses are excluded when calculating adjusted EBITDA and adjusted earnings attributable to shareholders of Clearwater (*Refer to Non-IFRS measures, definitions and reconciliations*).

Realized losses on settled forward foreign exchange contracts for the third quarter and year-to-date 2019 decreased $1.6 million and increased $0.6 million, respectively, as compared to the same periods in 2018. The realized loss for the third quarter decreased compared to 2018 due to average contracted rates for most currency pairs being more favourable compared to the spot rate on the date of settlement in 2019 and less favourable year-to-date.

The decrease in unrealized gain of $6.6 million in the third quarter and increase of $11.4 million year-to-date 2019 as compared to the same periods in 2018 is dependent on average contracted rates as compared to the forward rates based on maturity. The unrealized gain year-to-date 2019 is primarily due to average contracted rates for USD, Euro and JPY being favourable compared to current projected forward rates at maturity, since year-end.

Foreign exchange (gains) losses on long-term debt and working capital

In 000's of Canadian dollars	13 weeks ended September 28 2019	September 29 2018	Change	39 weeks ended September 28 2019	September 29 2018	Change
Realized (gain) loss						
Long-term debt and working capital	$ **1,103**	$ 347	$ (756)	$ **2,320**	$ (4,854)	$ (7,174)
Unrealized (gain) loss						
Long-term debt and working capital	**3,706**	(4,027)	(7,733)	**(6,435)**	15,417	21,852
Forward exchange contracts related to long-term debt	**(4,094)**	3,375	7,469	**2,916**	(3,182)	(6,098)
	(388)	(652)	(264)	**(3,519)**	12,235	15,754
	$ **715**	$ (305)	$ (1,020)	$ **(1,199)**	$ 7,381	$ 8,580

Realized foreign exchange losses on long-term debt and working capital in the third quarter and year-to-date 2019 increased $0.8 million and $7.2 million, respectively as compared to the same periods of 2018. Foreign exchange rates for GBP and EUR weakened relative to the Canadian dollar in the third quarter and GBP, USD and EUR year-to-date 2019, resulting in unfavourable working capital settlements.

Unrealized foreign exchange loss on long-term debt and working capital increased $7.7 million for the third quarter and unrealized gain increased $21.9 million year-to-date 2019, as compared to the same periods of 2018. The unrealized gains are primarily due to long-term debt denominated in USD which are translated into Canadian dollars at the period-end spot rate.

Partially offsetting unrealized gains on long-term debt and working capital, were unrealized losses related to forward foreign exchange contracts to hedge approximately 80% of the notional amount of the USD senior unsecured notes.

Other (income) expense

	13 weeks ended			39 weeks ended		
	September 28	September 29		**September 28**	September 29	
In 000's of Canadian dollars	**2019**	2018	Change	**2019**	2018	Change
Share of earnings of equity-accounted investee	**$ (687)**	$ (979)	$ 292	**$ (3,507)**	$ (2,744)	$ (763)
Fair value adjustment on earn-out liability	**(24)**	(57)	33	**108**	(714)	822
Other (income) fees	**(18)**	(226)	208	**498**	(382)	880
	$ (729)	$ (1,262)	533	**$ (2,901)**	$ (3,840)	$ 939

Other income decreased in the third quarter and year-to-date 2019 by $0.5 million and $0.9 million respectively, as compared to the same periods of 2018.

Research and development

Research and development relates to new harvesting, processing and storage technology and research into ocean habitats and fish stocks. Research and development can vary year to year depending on the scope, timing and volume of research completed.

Income taxes

Income taxes primarily relate to taxable subsidiaries in Argentina, the United States, the United Kingdom and Canada.

Income tax expense increased $2.1 million in the third quarter and $1.2 million year-to-date 2019 as compared to the same periods in 2018.

Current tax expense decreased $0.4 million in the third quarter and $2.2 million year-to-date primarily due to income in foreign tax jurisdictions and related foreign exchange impacts.

Deferred tax expense increased $2.5 million and $3.4 million in third quarter and year-to-date 2019 respectively. Deferred tax assets are being recognized based on management's estimate that it is more likely than not that Clearwater will earn sufficient taxable profit to utilize these losses.

Earnings (loss) attributable to shareholders

Earnings attributable to shareholders decreased $3.0 million and increased $28.0 million in third quarter and year-to-date 2019 respectively, as compared to the same periods in 2018. In the third quarter, higher gross margin was offset by unrealized losses on long-term debt and working capital. Year-to-date 2019, the increase was primarily a result of higher unrealized foreign exchange gains on long-term debt and working capital in combination with higher gross margin.

Earnings (loss) attributable to non-controlling interest

Non-controlling interest relates to minority share of earnings from Clearwater's majority investments in a shrimp/turbot joint venture and subsidiaries in Argentina and Newfoundland and Labrador.

The decrease in earnings attributable to non-controlling interest in third quarter and year-to-date 2019 of $0.6 million and $1.0 million respectively, was primarily due to timing of landings for turbot in the quarter and competitive market conditions for FAS shrimp.

It is important to note that the earnings attributable to non-controlling interest relates to the portion of Clearwater's partnerships owned by other parties. Income taxes are included in earnings attributable to shareholders for Clearwater's share of partnership earnings, whereas the earnings attributable to non-controlling interest are not tax affected.

Adjusted earnings attributable to shareholders

To assist readers in understanding our earnings we have included a calculation of adjusted earnings with Non-IFRS Measures, Definitions and Reconciliations. Management believes that in addition to earnings and cash provided by operating activities, adjusted earnings is a useful supplemental measure from which to determine Clearwater's earnings from operations and ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Adjusted earnings attributable to shareholders[1] increased $3.6 million and $1.3 million in the third quarter and year-to-date of 2019, as compared to the same periods in 2018, as a result of higher gross margin offset by realized foreign exchange losses on working capital and derivative contracts year-to-date.

Refer to the section entitled "*Non-IFRS measures, definitions and reconciliations*" for the definition of adjusted earnings and a reconciliation of adjusted earnings to net earnings.

CAPITAL STRUCTURE AND LIQUIDITY

Clearwater's overall approach is to have a cost-effective capital structure that supports growth, while maintaining flexibility, reducing interest rate risk and reducing foreign exchange risk by borrowing in currencies other than the Canadian dollar, when appropriate.

Clearwater maintains flexibility in its capital structure by regularly reviewing forecasts and multi-year business plans and modifying its debt and equity facilities on a proactive basis. These changes can include early repayment of debt, issuing or repurchasing shares, issuing new debt, utilizing surplus cash, extending the term of or amending existing debt facilities and, selling surplus assets to repay debt.

The following are key elements of our capital strategy:

- Maintain sufficient liquidity to enable continued access to capital to finance operations, including investments in innovation and technology and to fund growth;
- Target a long-term leverage ratio of 3.0x;
- Limit potential foreign exchange volatility in cash flows; and
- Generate strong cash flows from operations to fund scheduled loan payments, capital expenditures and distributions to non-controlling interest and to provide for sufficient free cash flow to fund growth-investments and pay a sustainable dividend to its shareholders.

Management continuously evaluates its capital structure in light of these policies and strategies.

Capital structure

Clearwater's capital structure includes a combination of equity and various types of debt facilities. Clearwater uses leverage, in particular USD senior unsecured notes, revolving and term debt to lower its cost of capital.

The amount of debt available to Clearwater under certain lending facilities is a function of adjusted EBITDA[1] attributable to shareholders. Adjusted EBITDA can be impacted by known and unknown risks, uncertainties, and other factors outside Clearwater's control including, but not limited to, total allowable catch levels, selling prices, weather, exchange rates, fuel and other input costs.

Clearwater's capital structure was as follows as at September 28, 2019 and December 31, 2018:

In 000's of Canadian dollars		2019		2018
Equity				
Share capital	**$**	**216,598**	$	215,506
Contributed surplus		**5,077**		4,218
Deficit		**(24,502)**		(38,848)
Accumulated other comprehensive income (loss)		**(48,368)**		(36,053)
		148,805		144,823
Non-controlling interest		**16,558**		18,397
Total Equity		**165,363**		163,220
Long-term debt				
Senior debt, non-amortizing				
USD senior unsecured notes, due 2025[1]		**325,230**		333,955
Revolving debt, due in 2022[2]		**81,871**		58,019
Term loan, due in 2019		**-**		13,637
Term loan, due in 2091		**3,500**		3,500
		410,601		409,111
Senior debt, amortizing				
Term Loan B, due 2022[3]		**33,950**		34,177
Other loans		**69**		112
		34,019		34,289
Lease liabilities[4]		**6,966**		-
Deferred obligation[5]		**16,337**		16,504
Earnout liability[5]		**2,224**		3,513
Total long-term debt		**470,147**		463,417
Total capital	**$**	**635,510**	$	626,637

1. USD senior unsecured notes is net of unamortized deferred financing charges of $6 million with a US dollar coupon rate of 6.875%.

2. The revolving debt is net of unamortized deferred financing charges of $1.6 million. As of September 28, 2019, subject to financial covenants, Clearwater may borrow up to an additional CDN $86.5 million on the undrawn facility.

3. Term Loan B is net of unamortized deferred financing charges of $0.2 million.

4. Lease liabilities was recognized upon adoption of IFRS 16, effective January 1, 2019 and represents the present value of remaining lease payments discounted using an incremental borrowing rate.

5. The Deferred Obligation and Earnout Liability relate to the acquisition of Macduff in 2015.

Equity

In 2019, Clearwater issued 19,240 common shares under its share-based compensation plans.

Clearwater reserved 2.5 million common shares (September 28, 2019 - 2.5 million remaining) for issuance under the share-based compensation plans and 3.0 million (September 28, 2019 - 1.9 million remaining) under the dividend reinvestment plan.

There are 65,058,528 shares outstanding as of September 28, 2019 (December 31, 2018 - 64,841,993).

Long-term debt

As at September 28, 2019 long-term debt includes:

- USD $250 million senior unsecured notes, due 2025 with a US dollar coupon rate of 6.875% ("the USD Notes"). Forward foreign exchange contracts are in place to hedge approximately 80% of the notional value of the USD Notes at an average rate of 1.2844 and approximately 80% of the coupon payments at an average rate of 1.2830 through to 2022. Clearwater has applied hedge accounting to these forward foreign exchange contracts that hedge coupon payments;

- Senior secured credit facilities consisting of a CDN $200 million revolving credit facility and a CDN $35 million amortizing secured term loan, each maturing in 2022 (the "Senior Secured Credit Facilities"). The Senior Secured Credit Facilities bear interest ranging from banker's acceptance rate ("BA rate") plus 1.50% to 2.25% for the revolving credit facility and BA rate plus 2.50% to 3.25% for the secured term loan. The range is determined quarterly based on a ratio of Senior Secured indebtedness to EBITDA, with EBITDA calculated on a trailing twelve-month basis. The revolver and Term Loan B are secured by a first charge on cash and cash equivalents, accounts receivable, inventory, marine vessels, licences and quotas, and Clearwater's investments in certain subsidiaries;

- A term loan maturing in 2091 with recourse limited to the asset financed; and

- Lease liabilities: effective January 1, 2019, the Company is required to present all lease arrangements on the statement of financial position. As a result, lease liabilities of $7.0 million have been recognized equal to the present value of remaining lease payments discounted at the incremental borrowing rate (refer to *Critical Accounting Policies* for further information). Clearwater currently leases office space, machinery, wharves, equipment and vehicles.

Also included in Clearwater's long-term debt is deferred consideration related to the acquisition of Macduff in 2015 comprised of a deferred obligation and an earnout liability.

- The Deferred Obligation consists of deferred payments for 33.75% of the shares of Macduff acquired by Clearwater (the "Earn Out Shares") in 2015. The principal outstanding balance as at September 28, 2019 is £10.5 million (CDN $17.1 million) (December 31, 2018 - £10.5 million (CDN $18.3 million)) and does not bear interest. The Deferred Obligation is recorded at the discounted amount based on estimated timing of payment and is being accreted to the principal amount over the estimated term using the effective interest method with an effective average interest rate of 7.44%. On October 30th of each year, the holders of the Earn Out Shares can elect to be paid up to 20% of the original Deferred Obligation amount. Beginning in 2017, Clearwater had the right to exercise the payout of 20% of the Deferred Obligation annually.

- The holders of the Earn Out Shares elected to be paid 20% of the Deferred Obligation in 2016 through 2018 resulting in payments of £5.2 million each year. On October 31, 2019, the holders of the Earn Out Shares elected to be paid 20% of the Deferred Obligation.

- The Earnout liability is unsecured additional consideration to be paid dependent upon the financial performance of Macduff and the percentage of Deferred Obligation remaining unpaid at the time of payment. The estimated fair value of the Earnout liability at September 28, 2019 is £1.4 million (CDN - $2.2 million) (December 31, 2018 - £2.0 million, CDN - $3.5 million). The Earnout liability is recorded at fair value on the consolidated statement of financial position. See the consolidated financial statements for terms and valuation of the Earnout liability.

Excluding deferred consideration and the related earnout liability, Clearwater has effectively fixed the interest rate on 72 percent of its debt as at September 28, 2019.

Clearwater's debt facilities are subject to certain financial and non-financial covenants. Clearwater is in compliance with all covenants associated with its debt facilities**.**

Liquidity

Capital Requirements

Clearwater's business experiences a predictable seasonal pattern in which sales, margins and adjusted EBITDA are lower in the first half of the year and higher in the second half. Investments in capital expenditures and working capital are typically higher in the first half of the year and lower in the second half. This typically results in lower cash flows, higher debt balances and higher leverage in the first half of the year and higher cash flows, lower debt balances and lower leverage in the second half.

We schedule ongoing capital expenditure programs to maintain the operating capacity of our assets at existing levels, referred to as maintenance capital, which are typically funded by operating cash flows.

Sources of Liquidity

Our primary sources of liquidity to fund current operations, seasonal operations, seasonal working capital demands, capital expenditures, and other commitments consists of:

- Cash flow from operating activities;
- Cash on deposit; and
- $200 million revolving loan.

As of September 28, 2019, Clearwater had $9.7 million in cash, and $86.5 million available to draw down on its revolving facility.

In 000's of Canadian dollars

As at	**September 28 2019**	September 29 2018	September 30 2017
Cash	$ **9,704**	$ 25,963	$ 42,913
Availability on revolving credit facility	**86,401**	76,255	40,298
Sources of liquidity	**96,105**	102,218	83,212

Leverage[1]

Leverage for third quarter 2019 was 4.9x compared to 5.0x for the same period of 2018. Leverage improved compared to the third quarter of 2018 as adjusted EBITDA attributable to shareholders increased following strong fishing conditions across multiple species in the first nine months of 2019.

Compared to December 31, 2018, leverage increased to 4.9x as compared to 4.7x as a result of higher debt balances, partially offset by higher adjusted EBITDA attributable to shareholders. Net debt increased due to normal business seasonality and strong harvest conditions in 2019.

In 000's of Canadian dollars

As at		**September 28 2019**	December 31 2018		September 29 2018		September 30 2017
Adjusted EBITDA[1] attributable to shareholders	$	**93,672**	88,175	$	89,297	$	91,387
Net Debt[2,3,4] (excluding non-controlling interest)		**455,274**	418,454		448,079		458,193
Leverage		**4.9x**	4.7x		5.0x		5.0x

[1] Refer to discussion on non-IFRS measures, definitions and reconciliations
[2] Debt at June 29, 2019 includes lease liabilities of $7.0 million recognized upon adoption of IFRS 16 effective January 1, 2019 and has been adjusted to include US $200 million forward foreign exchange contracts at an average contracted rate of 1.2844.

[3] Debt is net of unamortized deferred financing charges of $7.8 million (December 31, 2018 - $9.2 million; September 30, 2018 - $9.2 million; September 30, 2017 - $10.3 million).

[4] Net debt is adjusted for cash attributable to shareholders.

Clearwater's leverage measure is based on the ratio of adjusted EBITDA attributable to shareholders to its outstanding debt, net of cash balances. Clearwater's longer-term goal is a leverage ratio of 3.0x.

Leverage is not a recognized measure under IFRS, and therefore is unlikely to be comparable to similar measures presented by other companies. Management believes leverage to be a useful term when discussing liquidity and as a measure frequently analyzed for public companies, Clearwater has calculated the amount to assist readers in this review. Leverage should not be construed as a measure of cash flows.

Foreign Exchange Management

Clearwater has a foreign exchange risk management program which limits cash flow volatility arising from foreign currency cash flows. Clearwater currently uses forward contracts to lock in foreign exchange rates for anticipated sales (up to 24 months) and long-term debt related hedges (through to 2022). A reduction in volatility from currency exposures improves earnings predictability.

As of September 28, 2019, Clearwater had forward exchange contracts outstanding:

Currency	Forecasted transaction	Notional (millions)	Average rate
USD to CDN	Sales	115.3	1.3161
Yen to CDN	Sales	4,172.5	0.0124
Euro to CDN	Sales	32.3	1.5402
Euro to GBP	Sales	33.9	0.8891
CDN to USD	Debt	241.3	1.2841

Refer to the section entitled *Risks and Uncertainties*.

REVIEW OF CASH FLOWS

Clearwater endeavors to generate strong cash flows from operations to fund scheduled loan payments, capital expenditures and distributions to non-controlling interests and to provide sufficient free cash flow to fund growth investments and pay a sustainable dividend to its shareholders.

The following table summarizes information about Clearwater's cash flows:

In 000's of Canadian dollars	13 weeks ended September 28 2019	13 weeks ended September 29 2018	39 weeks ended September 28 2019	39 weeks ended September 29 2018
Cash from (used in) operating activities	**$ 22,727**	$ 21,249	**$ (591)**	$ 30,651
Cash from (used in) financing activities	**(33,775)**	(23,311)	**(12,998)**	(27,913)
Cash from (used in) investing activities	**1,801**	1,427	**(11,635)**	(12,339)
Free cash flow[1,2]	**$ 18,259**	$ 18,879	**$ (25,144)**	$ 12,555
Supplemental cash flow information				
Changes in working capital	**$ 999**	$ 2,475	$ **(49,813)**	$ (23,474)
(Increase) decrease in inventory[3]	**4,829**	(448)	**(44,869)**	(29,148)
(Increase) decrease in trade and other receivables	**(10,609)**	1,372	**(16,780)**	12,371
(Increase) decrease in prepaids and other	**(646)**	455	**895**	(699)
Increase (decrease) in trade and other payables	**7,413**	2,372	**12,180**	(469)
(Increase) decrease in income taxes payable	**12**	(1,276)	**(1,239)**	(5,529)
Purchase of property, plant and equipment	**$ (2,929)**	$ (2,494)	$ **(16,821)**	$ (16,486)
Cash dividends paid on common shares[4]	**$ (3,171)**	$ (1,824)	$ **(8,753)**	$ (6,450)

[1] Refer to discussion on non-IFRS measures, definitions and reconciliations.
[2] Free cash flow is defined as cash flows from operating activities, less planned capital expenditures (net of debt designated to fund such expenditures), scheduled payments on long-term debt and distributions to non-controlling interests. Discretionary items such as debt refinancing and repayments, changes in the revolving loan and discretionary financing and investing activities are excluded from free cash flow.
[3] Decrease (increase) in inventory for 2018 has been restated to reflect the impact of depreciation recorded within inventory to be consistent with the current period. The change in presentation had no impact on cash from operations.
[4] Net of the dividend reinvestment plan.

Cash flow from Operating Activities

Cash from operations increased $1.5 million in the third quarter of 2019 as compared to the same period of 2018 primarily due to EBITDA growth offset by increase in receivables related to the timing of sales.

Year-to-date cash from operations decreased $31.2 million compared to prior year as EBITDA growth was offset by higher inventory due to strong harvesting conditions across all species, timing of sales and unfavourable foreign exchange.

Cash flow from Financing Activities

Cash used in financing activities increased $10.5 million in the third quarter and decreased $14.9 million year-to-date 2019, respectively, as compared to the same periods of 2018. Increase in the third quarter was primarily due to the repayment of the USD Term loan held through a subsidiary. Year-to-date, drawings on the revolving credit facility, net of repayments of long-term debt increased $20.4 million primarily due to inventory growth and timing of working capital. Distributions to non-controlling interests in 2019 were $2.7 million higher compared to 2018.

Cash Flow from Investing Activities

Cash from investing activities remained consistent in the third quarter and cash used in investing activities decreased $0.7 million year-to-date 2019 as compared to the same periods in 2018 as increased capital expenditures were offset by proceeds from the sale of assets.

Free Cash Flow[1]

Free cash flow for third quarter and year-to-date 2019 decreased $0.6 million and $37.7 million, respectively, as compared to the same periods of 2018, due to higher inventory and receivable balances and timing of distributions to non-controlling interest.

Changes in working capital

Clearwater manages working capital within cash from operations and free cash flow. Clearwater manages trade receivables through a combination of tight collection terms and, when appropriate, discounting. Clearwater has a policy of utilizing a combination of credit reporting agencies, credit insurance, letters of credit and secured forms of payment to mitigate customer and country specific credit risk. As a result, Clearwater does not have any significant concentration of credit risk. From time-to-time, Clearwater enters into transactions to sell selected accounts receivables to a commercial partner without recourse. Sale of receivables during the period represented less than 5 percent of consolidated sales.

Clearwater manages its inventories through detailed review of supply, production plans and sales forecasts, and through continuous improvements in the integration of its fleet and sales plans. Inventory levels may fluctuate due to harvesting conditions and operations and the seasonal nature of our business. The Company takes advantage of favourable harvesting conditions and availability of supply to maintain profitable margins.

Purchase of Property Plant and Equipment

Clearwater manages capital spending within cash from investing activities and free cash flow. Clearwater evaluates investments in property, plant, equipment and licences as either return on investment or maintenance capital and tracks each project accordingly. Significant expenditures that are expected to have a return in excess of the cost of capital are classified as return on investment, and all refits and expenditures that are expected to return less than the average cost of capital are classified as maintenance.

On average, Clearwater expects to invest approximately $20-25 million a year in maintaining its fixed assets with repairs and maintenance capital. In 2019, Clearwater expects to invest between $25-30 million (2018 - $19.1 million) in capital projects relating to vessel refits and land-based supply chain infrastructure.

Dividends

On November 5, 2019 the Board of Directors approved and declared a dividend of $0.05 per share payable on December 2, 2019 to shareholders of record as of November 18, 2019.

On February 15, 2018 the Board approved a dividend reinvestment plan effective February 23, 2018 to provide shareholders of Clearwater who are resident in Canada with the option to have the cash dividends declared on the common shares of Clearwater reinvested automatically back into additional shares, without the payment of brokerage commissions or service charges.

In making the determination of dividend levels, Clearwater's Board gives consideration to several key principles including:

- expected future earnings;
- free cash flows that should be retained to reinvest in the business;
- the assurance that all obligations can be met with respect to existing loan agreements; and
- the desire to increase the dividend in the future as the business continues to grow and expand.

The Board reviews Clearwater’s dividends on a regular basis to ensure the dividend level remains consistent with Clearwater’s dividend policy.

These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation and, therefore, qualify for the favourable tax treatment applicable to such dividends.

OUTLOOK

For full year 2019, we expect top and bottom-line growth across multiple species and regions, led by Asia-Pacific. Growth will be driven by the strong harvest conditions and improved access to supply for procured species along with continued margin expansion and cost control.

Strong harvest conditions and improved access to supply for procured species enabled investment in high value inventory in the first nine months of the year. Clearwater benefited from this strong inventory position as third quarter sales volume, revenue, margins and adjusted EBITDA growth was consistent with seasonal expectations.

Adjusted EBITDA growth and margin expansion will drive cash flow in the final quarter of 2019. Consistent with third quarter performance, our high value inventory will continue to fuel fourth quarter distribution expansion into new markets and channels along with strengthening overall results.

Clearwater has access to the full clam total allowable catch for 2019. In the first quarter of 2019, Clearwater entered into a voluntary agreement forging a 50-year partnership with fourteen Indigenous communities. The partnership provides a mechanism for significant Indigenous participation and stable long-term access in the clam fishery, providing protection for existing jobs in the fishery while also creating meaningful economic, employment and capacity building benefits for First Nations. Importantly, the partnership expands Clearwater's strategic business relationships with Indigenous partners and supports Clearwater's commitment to diversity in the workplace while recognizing the value of Clearwater's previous investments in science, technology and infrastructure.

This Landmark agreement provides millions of dollars in benefits to First Nations through annual revenue sharing, training, leadership, development, employment, as well as procurement of goods and services from Indigenous suppliers. Beyond this agreement, Clearwater will continue to advance working relationships with Indigenous partners to the benefit of all parties.

Clearwater's core fisheries are managed for long-term sustainability. We have taken and will continue to pursue timely and carefully considered measures in response to near-term challenges including; adjustments to harvest plans, pricing and distribution strategies, technology innovation and cost and working capital reductions. These measures will generate strong cash flows from operations, reduce debt and leverage, yield a higher return on assets and generate positive returns in shareholder value.

Global demand for seafood is being driven by a growing worldwide population, shifting consumer tastes towards healthier diets, and rising purchasing power of middle-class consumers in emerging economies. The supply of wild seafood is limited and is expected to continue to lag behind the growing global demand. This supply-demand imbalance has created a marketplace in which purchasers of seafood are increasingly willing to pay a premium to suppliers that can provide consistent quality and food safety, wide diversity and reliable delivery of premium, wild, sustainably harvested seafood.

Clearwater is well positioned to take advantage of this opportunity with its proprietary licences, premium product quality, diversity of species, global sales footprint and year-round harvest and delivery capability.

RISKS AND UNCERTAINTIES

The performance of Clearwater's business is susceptible to a number of risks which affect income, liquidity and cash flow, including risks related to resource supply, food processing and product liability, suppliers, customers, competition and foreign exchange exposure and lawsuits in the normal course of business.

The business risks of Clearwater are generally consistent with those disclosed in the 2018 Annual Information Form with the exception of any updates to those risks noted below.

For further disclosure of additional risk factors please refer to the Annual Information Form, which is available on Sedar at www.sedar.com as well as Clearwater's website at www.clearwater.ca.

Political risk

Our operations and investments are subject to economic and political risks, which could materially and adversely affect our business.

Argentina

In September 2019, the Argentine Central Bank ("BCRA") implemented new foreign exchange regulations. To mitigate foreign currency risk Clearwater minimizes any cash or financial assets held in Argentina, outside of what is required to operate the business. Clearwater maintains a policy of repatriating our share of the earnings from Argentina through regular dividend payments.

United Kingdom

On June 23, 2016, the United Kingdom ("UK") voted to leave the European Union ("EU") ("Brexit"). On March 29, 2017, the Prime Minister of the UK filed notice of intention to leave the EU triggering the process to negotiate the terms of the withdrawal and the country's future relationship with the EU. Under the Lisbon Treaty, the negotiations of the terms of departure are required to be concluded within two years from giving notice. Since then this period has been extended twice.

The UK Parliament has yet to accept the Withdrawal Agreement between the EU and the UK Government. Prime Minister Johnson succeeded in renegotiating a deal with the EU that received agreement in principle from the UK Parliament. However, Parliament voted against the shortened timetable under which Johnson had hoped to pass the Withdrawal Agreement Bill (WAB) and meet the deadline of leaving the EU by 31 October. The EU is poised to offer the UK a flexible extension to the deadline, to allow the UK time to pass the necessary legislation. There remains uncertainty over the timing and potential Brexit outcomes.

As a business, we are taking an active and fully participative, leadership and advisory role in all preparatory government working groups for shellfish harvesting and processing; looking at trade, fisheries access and immigration/labour related matters. The Company expects to be able to assess, manage and plan for any impacts to the business through our involvement in the negotiations and their outputs.

CRITICAL ACCOUNTING POLICIES

Clearwater's critical accounting policies are those that are important to the portrayal of Clearwater's financial position and operations and may require management to make judgments based on underlying estimates and assumptions about future events and their effects. These estimates can include but are not limited to estimates regarding inventory valuation, accounts receivable valuation allowances, estimates of expected useful lives of vessels and plant facilities, and estimates of future cash flows for impairment tests. Underlying estimates and assumptions are based on historical experience and other factors that are believed by management to be reasonable under the circumstances. These estimates and assumptions are subject to change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes. Clearwater has considered recent market conditions including changes to its cost of capital in making these estimates. Refer to the notes to the annual financial statements for a complete listing of critical accounting policies and estimates used in the preparation of the consolidated financial statements.

Disclosure controls and internal controls over financial reporting

The Management of Clearwater, with the participation of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") (collectively "Management"), is responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings.*

There have been no changes to controls during the quarter ended September 28, 2019 that have materially affected, or are reasonably likely to materially affect, Clearwater's ICFR.

Adoption of new and revised standards

Clearwater has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 which supersedes the previous lease accounting standards IAS 17 – Leases and IFRIC 4 – Determining whether an arrangement contains a lease.

The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The Company has elected to apply the modified retrospective approach on transition. The modified retrospective approach does not require restatement of prior period financial information.

Leases accounted for as finance leases under IAS 17 have been reclassified to right-of-use assets within property, plant and equipment and lease liabilities from other long-term liabilities.

The following is a reconciliation of operating lease commitments as at December 31, 2018 under IAS 17, to the lease liabilities under IFRS 16 on January 1, 2019.

Operating lease commitments, as disclosed December 31, 2018	$	**10,501**
Contracts reassessed upon transition[1]		**(3,004)**
Finance lease liabilities under IAS 17		**308**
Net lease liability commitments		**7,805**
Discounted		**(712)**
Lease liabilities as at January 1, 2019	**$**	**7,093**

[1] Contracts reassessed upon transition include contracts identified as service or quota agreements, and the amount of additional lease payments beyond minimum commitments relating to reasonably certain renewal periods or extension options that had not yet been exercised as at December 31, 2018.

The lease liability represents the present value of remaining lease payments discounted using the incremental borrowing rate dependent on the currency, term and underlying asset of the agreement.

The associated right-of-use assets were recognized in property, plant and equipment at an amount equal to the lease liability at January 1, 2019, with no impact to retained earnings.

SUMMARY OF QUARTERLY RESULTS

The following table provides historical data for the nine most recently completed quarters.

In 000's of Canadian dollars	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2019				
Sales	$ 120,082	$ 153,874	$ 175,200	$ -
Adjusted EBITDA[1]	20,033	30,250	34,490	-
Adjusted EBITDA attributable to shareholders[1]	16,297	26,254	29,405	-
Earnings (loss) attributable to shareholders	8,277	8,011	7,804	-
Earnings (loss) per share	0.13	0.12	0.12	-
Diluted earnings (loss) per share	0.13	0.12	0.12	-
Weighted average shares outstanding[2]	64,842,209	65,031,433	65,047,676	-
Fiscal 2018				
Sales	$ 120,072	$ 148,142	$ 164,225	$ 159,807
Adjusted EBITDA[1]	19,114	30,501	30,686	24,090
Adjusted EBITDA attributable to shareholders[1]	14,933	26,147	25,373	21,722
Earnings (loss) attributable to shareholders	(13,758)	(923)	10,818	(12,340)
Earnings (loss) per share	(0.22)	(0.01)	0.17	(0.19)
Diluted earnings (loss) per share	(0.22)	(0.01)	0.17	(0.19)
Weighted average shares outstanding[2]	63,935,153	64,154,263	64,417,905	64,676,360
Fiscal 2017				
Sales	$ 128,367	$ 154,302	$ 163,597	$ 174,766
Adjusted EBITDA[1]	19,767	27,542	32,797	28,490
Adjusted EBITDA attributable to shareholders[1]	15,798	23,550	26,961	22,846
Earnings (loss) attributable to shareholders	2,172	9,489	15,054	(10,956)
Earnings (loss) per share	0.03	0.15	0.24	(0.17)
Diluted earnings (loss) per share	0.03	0.15	0.24	(0.17)
Weighted average shares outstanding	63,934,698	63,934,698	63,934,698	63,934,698

[1] Refer to discussion on non-IFRS measures, definitions and reconciliations

[2] In 2018, Clearwater implemented a Dividend Reinvestment Plan and issued shares under the share-based compensation plans.

For a more detailed analysis of each quarter's results, please refer to our quarterly and annual reports.

Due to seasonality, sales generally increase with each successive quarter with the highest revenues in the second half of each year.

Volatility in exchange rates can have a significant impact on earnings. The volatility is partially offset by Clearwater's foreign exchange management program.

NON- IFRS MEASURES, DEFINITIONS AND RECONCILIATIONS

Adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA")

Adjusted EBITDA is not a recognized measure under IFRS, and therefore is unlikely to be comparable to similar measures presented by other companies. Management believes that in addition to net earnings and cash provided by operating activities, adjusted EBITDA is a useful supplemental measure from which to determine Clearwater's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends. In addition, as adjusted EBITDA is a measure frequently analyzed for public companies, Clearwater has calculated adjusted EBITDA to assist readers in this review. Adjusted EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as a measure of liquidity, or as a measure of cash flows.

Adjusted EBITDA is defined as EBITDA excluding extraordinary, non-operating, non-recurring or non-routine items that are unusual and are deemed to not be a part of normal operations of the business. Items that are excluded from adjusted EBITDA include restructuring and reorganization expenses, gains and losses on investment activities, costs associated with acquisitions to the extent not capitalized, financing and refinancing costs, net gains on insurance claims and share-based compensation. In addition, recurring accounting gains and losses on foreign exchange (other than realized gains and losses on forward exchange contracts), have been excluded from the calculation of Adjusted EBITDA. Unrealized gains and losses on forward exchange contracts relate to economic hedging on future operational transactions and by adjusting for them, the results more closely reflect the economic effect of the hedging relationships in the period to which they relate.

Reconciliation of net earnings (loss) to adjusted EBITDA for the 13 and 39 weeks ended September 28, 2019 and September 29, 2018 and rolling twelve months ended September 28, 2019 and September 29, 2018 is as follows:

	13 weeks ended		**39 weeks ended**		**12 months Rolling**	
	September 28 2019	**September 29 2018**	**September 28 2019**	**September 29 2018**	**September 28 2019**	**September 29 2018**
Earnings (loss)	$ **11,654**	$ 15,258	$ **33,777**	$ 6,851	$ **23,219**	$ 300
Income taxes	**3,682**	1,566	**3,550**	2,361	**2,929**	6,822
Taxes and depreciation for equity investment	**350**	228	**1,631**	1,350	**756**	1,294
Depreciation and amortization	**10,327**	12,348	**31,323**	36,364	**43,803**	52,214
Interest on long-term debt and bank charges	**7,836**	7,987	**23,176**	22,750	**30,672**	30,581
Earnings before interest, taxes, depreciation and amortization	$ **33,849**	$ 37,387	$ **93,457**	$ 69,676	$ **101,379**	$ 91,211
Add (deduct) other items:						
Unrealized foreign exchange and derivative loss (income)	**(1,606)**	(8,493)	**(13,899)**	13,266	**1,888**	14,875
Fair market value adjustment on long-term debt	**276**	395	**1,026**	655	**1,468**	(962)
Realized foreign exchange on working capital	**1,103**	347	**2,320**	(4,854)	**1,660**	(5,419)
Restructuring and refinancing costs	**34**	44	**142**	764	**244**	8,174
Share-based compensation (recovery) expense	**834**	1,006	**1,725**	794	**2,220**	910
Adjusted EBITDA	**$ 34,490**	$ 30,686	**$ 84,771**	$ 80,301	**$ 108,859**	$ 108,789
Adjusted EBITDA attributed to:						
Non-controlling interests	$ **5,085**	$ 5,313	$ **12,819**	$ 13,848	$ **15,187**	$ 19,492
Shareholders of Clearwater	**29,405**	25,373	**71,952**	66,453	**93,672**	89,297
	$ 34,490	$ 30,686	**$ 84,771**	$ 80,301	**$ 108,859**	$ 108,789

Adjusted earnings attributable to shareholders

To assist readers in estimating our earnings we have included a calculation of adjusted earnings. Management believes that in addition to earnings and cash provided by operating activities, adjusted earnings is a useful supplemental measure from which to determine Clearwater's earnings from operations and ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Reconciliation of net earnings to adjusted earnings for the 13 and 39 weeks ended September 28, 2019 and September 29, 2018 and rolling twelve months ended September 28, 2019 and September 29, 2018 is as follows:

	13 weeks ended		**39 weeks ended**		**Rolling 12 months ended**	
	September 28 2019	**September 29 2018**	**September 28 2019**	**September 29 2018**	**September 28 2019**	**September 29 2018**
Reconciliation of earnings to adjusted earnings						
Earnings (loss)	$ **11,654**	$ 15,258	$ **33,777**	$ 6,851	$ **23,219**	$ 300
Add (subtract)						
Restructuring and refinancing costs	**34**	44	**142**	764	**244**	8,174
Share-based compensation (recovery) expense	**834**	1,006	**1,725**	793	**2,220**	909
Unrealized foreign exchange and derivative (gain) loss	**(1,606)**	(8,493)	**(13,899)**	13,266	**1,888**	14,875
Fair value adjustment on long-term debt	**276**	395	**1,026**	655	**1,468**	(962)
	(462)	(7,048)	**(11,006)**	15,478	**5,820**	22,996
Adjusted earnings	**$ 11,192**	**$** 8,210	**$ 22,771**	**$** 22,329	**$ 29,039**	**$** 23,296
Adjusted earnings attributable to:						
Non-controlling interests	**3,912**	4,491	**10,437**	11,286	**11,917**	13,840
Shareholders	**7,280**	3,719	**12,334**	11,043	**17,122**	9,456
	$ **11,192**	$ 8,210	$ **22,771**	$ 22,329	$ **29,039**	$ 23,296
Adjusted earnings per share:						
Weighted average of shares outstanding	**65,048**	64,418	**64,974**	64,048	**64,742**	64,154
Adjusted earnings per share for shareholders	**0.11**	0.06	**0.19**	0.17	**0.26**	0.15
Reconciliation of adjusted earnings to adjusted EBITDA						
Adjusted earnings	$ **11,192**	$ 8,210	$ **22,771**	$ 22,329	$ **29,039**	$ 23,296
Add (subtract)						
Income tax expense	**3,682**	1,566	**3,550**	2,361	**2,929**	6,822
Depreciation and amortization	**10,327**	12,348	**31,323**	36,364	**43,803**	52,214
Interest on long-term debt and bank charges	**7,836**	7,987	**23,176**	22,750	**30,672**	30,581
Taxes and depreciation for equity investment	**350**	228	**1,631**	1,350	**756**	1,294
Realized foreign exchange on working capital	**1,103**	347	**2,320**	(4,853)	**1,660**	(5,418)
	23,298	22,476	**62,000**	57,972	**79,820**	85,493
Adjusted EBITDA[1]	**$ 34,490**	**$** 30,686	**$ 84,771**	**$** 80,301	**$ 108,859**	**$** 108,789

Leverage

Leverage is not a recognized measure under IFRS, and therefore is unlikely to be comparable to similar measures presented by other companies. Management believes leverage to be a useful term when discussing liquidity and does monitor and manage leverage. In addition, as leverage is a measure frequently analyzed for public companies, Clearwater has calculated the amount to assist readers in this review. Leverage should not be construed as a measure of liquidity or as a measure of cash flows.

Leverage for banking purposes differs from the below calculations as agreements require the exclusion of certain cash from the calculation and EBITDA excludes non-controlling interests and most significant non-cash and non-recurring items. Clearwater is in compliance with all of the non-financial and financial covenants associated with its debt facilities.

The calculation of adjusted EBITDA attributable to shareholders to debt (net of unamortized deferred financing charges) for the rolling twelve months ended September 28, 2019, December 31, 2018, September 29, 2018 and September 30, 2017 is as follows:

In 000's of Canadian dollars Rolling 12 months ended	**September 28 2019**	December 31 2018	September 29 2018	September 30 2017
Adjusted EBITDA[1] attributable to shareholders	**$ 93,672**	$ 88,175	$ 89,297	$ 91,387
Long-term debt[2]	**470,147**	463,417	472,076	490,926
Less: Cash	**(9,704)**	(35,877)	(25,963)	(42,913)
Adjust for:				
Hedging instruments[3]	**(8,087)**	(15,867)	(1,187)	7,435
Cash attributed to non-controlling interest	**2,918**	6,791	3,153	2,745
Net debt	**$ 455,274**	$ 418,465	$ 448,080	$ 458,193
Leverage	**4.9x**	4.7x	5.0x	5.0x

1 Refer to discussion on non-IFRS measures, definitions and reconciliations

2 Debt is net of unamortized deferred financing charges of $7.8 million (December 31, 2018 - $9.2 million; September 29, 2018 - $9.2 million; September 30, 2017 - $10.3 million).

3 Debt at September 28, 2019 has been adjusted to include a USD $200 million forward foreign exchange contract at an average contracted rate of 1.2844.

Free cash flows

Free cash flow is not a recognized measure under IFRS, and therefore is unlikely to be comparable to similar measures presented by other companies. Management believes that in addition to net earnings and cash provided by operating activities, free cash flow is a useful supplemental measure from which to determine Clearwater's ability to generate cash available for debt service, working capital, capital expenditures and distributions. Free cash flow should not be construed as an alternative to net earnings determined in accordance with IFRS, as a measure of liquidity, or as a measure of cash flows.

Free cash flow is defined as cash flows from operating activities, less planned capital expenditures (net of any borrowings of debt designated to fund such expenditures), scheduled payments on long-term debt and distributions to non-controlling interests. Items excluded from the free cash flow include discretionary items such as debt refinancing and repayments changes in the revolving loan and discretionary financing and investing activities.

Reconciliation of cash from operating activities to free cash flows for the 13 and 39 weeks ended September 28, 2019 and September 29, 2018 and rolling twelve months ended September 28, 2019 and September 29, 2018 is as follows:

	13 weeks ended		39 weeks ended		12 months Rolling	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018
Adjusted EBITDA	**$ 34,490**	$ 30,686	**$ 84,771**	$ 80,301	**$ 108,859**	$ 108,789
Less:						
Interest and bank charges	**(7,391)**	(7,559)	**(21,850)**	(21,490)	**(28,911)**	(28,916)
Current income tax expense	**(1,578)**	(1,930)	**(2,865)**	(5,058)	**(4,125)**	(5,715)
Other income and expense items	**(3,793)**	(2,423)	**(10,834)**	372	**(9,979)**	(12,086)
Operating cash flow before changes in working capital	**21,728**	18,774	**49,222**	54,125	**65,844**	62,072
Changes in working capital	**999**	2,475	**(49,813)**	(23,474)	**(20,598)**	11,240
Cash flows from operating activities	**22,727**	21,249	**(591)**	30,651	**45,246**	73,312
Sources (uses) of cash:						
Purchase of property, plant, equipment, quota and other assets	**(2,930)**	(2,494)	**(16,821)**	(16,486)	**(19,460)**	(41,836)
Proceeds from disposal of fixed assets	**202**	-	**2,010**	-	**2,010**	2,400
Less: Designated borrowings[1]	**-**	-	**-**	1,106	**-**	15,619
Scheduled payments on long-term debt[2]	**(101)**	(101)	**(1,620)**	(1,658)	**(10,610)**	(10,559)
Repayment of lease liabilities	**(378)**	-	**(1,083)**	-	**(1,083)**	-
Dividends received from joint venture	**3,640**	3,228	**3,640**	3,228	**3,640**	3,228
Distribution to non-controlling interests	**(5,329)**	(4,171)	**(12,163)**	(9,500)	**(14,017)**	(16,142)
Non-routine project costs	**166**	1,168	**732**	4,130	**1,029**	7,522
Payments on long-term incentive plans	**262**	-	**752**	1,084	**752**	1,261
Free cash flows	**$ 18,259**	$ 18,879	**$ (25,144)**	$ 12,555	**$ 7,507**	$ 34,805
Reconciliation of change in cash						
Add/(less):						
Other debt borrowings (repayments) of debt, use of cash	**(24,781)**	(17,200)	**10,069**	(11,356)	**(9,931)**	(35,930)
Issuance of equity	**81**	1,393	**993**	3,167	**2,374**	3,167
Other investing activities	**887**	693	**(466)**	919	**(2,191)**	1,178
Other financing activities	**(3,265)**	(3,232)	**(9,192)**	(9,672)	**(12,434)**	(11,799)
Payments on long-term incentive plans	**(262)**	-	**(752)**	(1,084)	**(752)**	(1,261)
Non-routine project costs	**(166)**	(1,168)	**(733)**	(4,130)	**(1,031)**	(7,522)
Impact of foreign exchange on cash	**(100)**	(581)	**(958)**	50	**196**	412
Change in cash for the period	**$ (9,347)**	$ (1,216)	**$ (26,183)**	$ (9,551)	**$ (16,262)**	$ (16,950)

[1] Designated borrowings relate to capital projects for which there is long-term financing and therefore they will not be financed with operating cash flows. For the purpose of free cash flow calculations, the amount invested (up to the total amount of the related financing) during the period on these projects is backed out of the calculation of free cash flows regardless of the timing of the related borrowing.
[2] Scheduled payments on long-term debt includes payments on Term Loan B, Deferred Obligation, Earnout liability and other loans.

Return on assets

Return on assets is not a recognized measure under IFRS, and therefore is unlikely to be comparable to similar measures presented by other companies. Management believes that return on assets measures the efficiency of the use of total assets to generate income. Return on assets should not be construed as an alternative to net earnings determined in accordance with IFRS.

Return on assets is defined as the ratio of rolling 12 month adjusted earnings before interest and taxes ("EBIT") to average total quarterly assets including all working capital assets.

The calculation of adjusted earnings before interest and taxes to total assets for the rolling twelve months ended September 28, 2019, September 29, 2018 and September 30, 2017 is as follows:

In (000's) of Canadian dollars	**September 28 2019**	December 31 2018	September 29 2018	September 30 2017
Adjusted EBITDA[1]	$ **108,859**	$ 104,391	$ 108,789	$ 109,566
Depreciation and amortization	**43,803**	48,843	47,414	43,956
Adjusted earnings before interest and taxes	**65,056**	55,548	61,375	65,610
Average quarterly total assets	$ **735,032**	$ 752,008	$ 762,871	$ 765,497
	8.9%	7.4%	8.0%	8.6%

[1] Refer to discussion on non-IFRS measures, definitions and reconciliations.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice to this effect. Management of Clearwater Seafoods Incorporated has prepared these condensed consolidated interim financial statements. Management has compiled the unaudited condensed consolidated interim Statements of Financial Position of Clearwater Seafoods Incorporated as at September 28, 2019 and the unaudited condensed consolidated interim Statements of Earnings (Loss), Comprehensive Income (Loss), Shareholders' Equity, and Cash Flows for the 13 and 39 weeks ended weeks ended September 28, 2019 and September 29, 2018. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the September 28, 2019 and September 29, 2018 condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

CLEARWATER SEAFOODS INCORPORATED
Condensed Consolidated Interim Statements of Financial Position

(unaudited) *(In thousands of Canadian dollars)* As at		**September 28 2019**		December 31 2018
ASSETS				
Current assets				
Cash	**$**	**9,704**	$	35,887
Trade and other receivables		**97,971**		85,244
Inventories		**116,895**		70,115
Prepaids and other		**6,960**		7,357
Derivative financial instruments (Note 5)		**3,299**		1,222
		234,829		199,825
Non-current assets				
Long-term receivables		**6,103**		4,970
Derivative financial instruments (Note 5)		**9,117**		12,671
Other assets		**249**		147
Property, plant and equipment		**234,704**		246,117
Investment in equity investee		**9,249**		9,382
Deferred tax assets		**12,873**		14,266
Intangible assets		**183,454**		191,422
Goodwill		**45,885**		48,623
		501,634		527,598
TOTAL ASSETS	**$**	**736,463**	$	727,423
LIABILITIES				
Current liabilities				
Trade and other payables	**$**	**82,071**	$	70,507
Income taxes payable		**418**		1,661
Current portion of long-term debt (Note 6)		**10,773**		23,269
Derivative financial instruments (Note 5)		**2,048**		9,966
		95,310		105,403
Non-current liabilities				
Long-term debt (Note 6)		**459,374**		440,148
Derivative financial instruments (Note 5)		**89**		497
Other long-term liabilities		**662**		323
Deferred tax liabilities		**15,665**		17,832
		475,790		458,800
SHAREHOLDERS' EQUITY				
Share capital (Note 7)	**$**	**216,598**	$	215,506
Contributed surplus		**5,077**		4,218
Retained earnings (deficit)		**(24,502)**		(38,848)
Accumulated comprehensive loss ("ACL")		**(48,368)**		(36,053)
		148,805		144,823
Non-controlling interest		**16,558**		18,397
		165,363		163,220
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**736,463**	$	727,423

See the accompanying notes to the condensed consolidated interim financial statements

CLEARWATER SEAFOODS INCORPORATED
Condensed Consolidated Interim Statements of Earnings (Loss)

(unaudited)

(In thousands of Canadian dollars)

	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018
Sales	**$ 175,200**	$ 164,225	**$ 449,159**	$ 432,439
Cost of goods sold	**137,433**	130,920	**358,252**	352,069
Gross margin	**37,767**	33,305	**90,907**	80,370
Operating expenses				
Administrative and selling costs	**14,678**	14,470	**43,232**	40,834
Restructuring costs	**-**	-	**-**	482
Net finance costs	**8,137**	8,439	**24,094**	24,120
(Gains) losses on derivative financial instruments (Note 5 (c))	**(486)**	(5,535)	**(10,037)**	788
Foreign exchange (gains) losses on long-term debt and working capital (Note 5 (e))	**715**	(305)	**(1,199)**	7,381
Other (income) expense	**(729)**	(1,262)	**(2,901)**	(3,840)
Research and development	**116**	674	**391**	1,393
	22,431	16,481	**53,580**	71,158
Earnings (loss) before income taxes	**15,336**	16,824	**37,327**	9,212
Income tax (recovery) expense	**3,682**	1,566	**3,550**	2,361
Earnings (loss) for the period	**$ 11,654**	$ 15,258	**$ 33,777**	$ 6,851
Earnings (loss) attributable to:				
Non-controlling interest	**$ 3,850**	$ 4,440	**$ 9,685**	$ 10,714
Shareholders of Clearwater	**7,804**	10,818	**24,092**	(3,863)
	$ 11,654	$ 15,258	**$ 33,777**	$ 6,851
Basic earnings (loss) per share (Note 8)	**$ 0.12**	**$** 0.17	**$ 0.37**	**$** (0.06)
Diluted earnings (loss) per share (Note 8)	**$ 0.12**	**$** 0.17	**$ 0.37**	**$** (0.06)

See the accompanying notes to the condensed consolidated interim financial statements

CLEARWATER SEAFOODS INCORPORATED
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(unaudited)

(In thousands of Canadian dollars)	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018
Earnings (loss) for the period	**$ 11,654**	$ 15,258	**$ 33,777**	$ 6,851
Comprehensive income (loss)				
Items that may be reclassified subsequently to income (loss):				
Foreign currency translation differences of foreign operations	**(2,874)**	(6,896)	**(11,316)**	(4,922)
Cash flow hedges - effective portion of change in fair value, net of tax	**535**	(859)	**(999)**	943
Cash flow hedges - reclassified to earnings (loss), net of tax	**(125)**	24	**(42)**	(65)
	(2,464)	(7,731)	**(12,357)**	(4,044)
Comprehensive income (loss) for the period	**$ 9,190**	$ 7,527	**$ 21,420**	$ 2,807
Comprehensive income (loss) attributable to:				
Non-controlling interest	**$ 3,854**	$ 4,521	**$ 9,643**	$ 10,490
Shareholders of Clearwater	**5,336**	3,006	**11,777**	(7,683)
	$ 9,190	$ 7,527	**$ 21,420**	$ 2,807

See the accompanying notes to the condensed consolidated interim financial statements

CLEARWATER SEAFOODS INCORPORATED

Condensed Consolidated Interim Statements of Shareholders' Equity

(unaudited)

(In thousands of Canadian dollars)

	Common shares	Contributed surplus	Accumulated comprehensive income (loss): Cash flow hedge	Accumulated comprehensive income (loss): Cumulative translation account	Retained earnings (deficit)	Non-controlling interest	Total
Balance at January 1, 2018	**$ 210,860**	**$ 3,021**	**$ (1,189)**	**$ (38,541)**	**$ (8,722)**	**$ 17,109**	**$ 182,538**
Comprehensive income (loss) for the period	-	-	878	(4,698)	(3,863)	10,490	2,807
Transactions recorded directly in equity							
Share-based compensation	98	850	-	-	-	-	948
Distributions to non-controlling interest	-	-	-	-	-	(8,845)	(8,845)
Dividends declared on common shares	-	-	-	-	(9,617)	-	(9,617)
Common shares issued under DRIP	3,167	-	-	-	-	-	3,167
Total transactions with owners	3,265	850	-	-	(9,617)	(8,845)	(14,347)
Balance at September 29, 2018	**$ 214,125**	**$ 3,871**	**$ (311)**	**$ (43,239)**	**$ (22,202)**	**$ 18,754**	**$ 170,998**
Comprehensive income (loss) for the period	-	-	2,330	5,258	(12,341)	1,760	(2,993)
Transactions recorded directly in equity							
Share-based compensation	-	347	-	-	-	-	347
Distributions to non-controlling interest	-	-	-	-	-	(1,971)	(1,971)
Dividends declared on common shares	-	-	-	-	(3,230)	-	(3,230)
Common shares issued under DRIP	1,381	-	-	-	-	-	1,381
Acquisition of non-controlling interest		-	-	(91)	(1,075)	(146)	(1,312)
Total transactions with owners	1,381	347	-	(91)	(4,305)	(2,117)	(4,785)
Balance at December 31, 2018	**$ 215,506**	**$ 4,218**	**$ 2,019**	**$ (38,072)**	**$ (38,848)**	**$ 18,397**	**$ 163,220**
Comprehensive income (loss) for the period	**-**	**-**	**(1,041)**	**(11,274)**	**24,092**	**9,643**	**21,420**
Transactions recorded directly in equity							
Share-based compensation	**99**	**859**	**-**	**-**	**-**	**-**	**958**
Distributions to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(11,482)**	**(11,482)**
Dividends declared on common shares	**-**	**-**	**-**	**-**	**(9,746)**	**-**	**(9,746)**
Common shares issued under DRIP	**993**	**-**	**-**	**-**	**-**	**-**	**993**
Total transactions with owners	**1,092**	**859**	**-**	**-**	**(9,746)**	**(11,482)**	**(19,277)**
Balance at September 28, 2019	**$ 216,598**	**$ 5,077**	**$ 978**	**$ (49,346)**	**$ (24,502)**	**$ 16,558**	**$ 165,363**

See the accompanying notes to the condensed consolidated interim financial statements

CLEARWATER SEAFOODS INCORPORATED
Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(In thousands of Canadian dollars)

	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018 (Restated, Note 12)	**September 28 2019**	September 29 2018 (Restated, Note 12)
Operating				
Earnings (loss) for the period	**$ 11,654**	$ 15,258	**$ 33,777**	$ 6,851
Adjustments for:				
Depreciation and amortization	**10,327**	12,349	**31,324**	36,365
Amortization of deferred financing costs	**445**	428	**1,326**	1,260
Accretion on long-term debt	**301**	452	**918**	1,370
Net unrealized foreign exchange (gains) losses on financial assets and liabilities	**(2,929)**	(10,114)	**(19,439)**	12,478
Deferred tax expense (recovery)	**2,103**	(364)	**685**	(2,697)
Share-based compensation	**834**	1,006	**1,725**	794
(Gain) loss on disposal of property, plant, and equipment, and other assets	**-**	(143)	**7**	22
(Earnings) loss from equity investee	**(687)**	(979)	**(3,507)**	(2,744)
Foreign exchange and other	**(320)**	881	**2,406**	426
Cash from operating activities before changes in working capital	**21,728**	18,774	**49,222**	54,125
Change in non-cash operating working capital (Note 11)	**999**	2,475	**(49,813)**	(23,474)
Cash from (used in) operating activities	**$ 22,727**	$ 21,249	**$ (591)**	$ 30,651
Financing				
Repayment of long-term debt	**(13,350)**	(101)	**(14,869)**	(1,662)
Net (repayment of) proceeds from revolving credit facility	**(11,533)**	(17,200)	**23,317**	(10,248)
Repayment of lease liabilities	**(378)**	-	**(1,082)**	-
Net distributions paid to non-controlling interest	**(5,329)**	(4,171)	**(12,164)**	(9,500)
Repayments from (advances to) minority partners	**(14)**	(15)	**553**	(53)
Dividends paid on common shares, net of dividends reinvested	**(3,171)**	(1,824)	**(8,753)**	(6,450)
Cash from (used in) financing activities	**$ (33,775)**	$ (23,311)	**$ (12,998)**	$ (27,913)
Investing				
Purchase of property, plant and equipment	**(2,929)**	(2,494)	**(16,821)**	(16,487)
Proceeds on disposal of property, plant and equipment	**202**	-	**2,010**	-
Dividends received from equity investee	**3,640**	3,228	**3,640**	3,228
Net proceeds from sale (purchase) of other assets	**-**	247	**(162)**	177
Net proceeds (advances) from long term receivables	**888**	446	**(302)**	743
Cash from (used in) investing activities	**$ 1,801**	$ 1,427	**$ (11,635)**	$ (12,339)
Effect of foreign exchange rate changes on cash	**$ (100)**	$ (581)	**$ (959)**	$ 50
Increase (decrease) in cash	**(9,347)**	(1,216)	**(26,183)**	(9,551)
Cash, beginning of period	**19,051**	27,179	**35,887**	35,514
Cash, end of period	**$ 9,704**	$ 25,963	**$ 9,704**	$ 25,963
Supplemental disclosure of operating cash flows				
Cash interest paid	**(1,713)**	(1,981)	**(16,462)**	(16,191)
Cash income taxes paid	**$ (1,371)**	$ (3,205)	**$ (3,908)**	$ (10,586)

See the accompanying notes to the condensed consolidated interim financial statements

1. DESCRIPTION OF THE BUSINESS

Clearwater Seafoods Incorporated ("Clearwater") was incorporated on July 7, 2011 and is domiciled at 757 Bedford Highway, Bedford, Nova Scotia, Canada.

Clearwater's sole investment is the ownership of 100% of the partnership units of Clearwater Seafoods Limited Partnership ("CSLP"), which holds the underlying investments in subsidiaries and joint ventures.

The Condensed Consolidated Interim Financial Statements of Clearwater as at and for the periods ended September 28, 2019 and September 29, 2018 comprise the company, its subsidiaries and a joint venture. Clearwater's business includes the ownership and operation of assets and property in connection with the harvesting, processing, distribution and marketing of seafood.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") and should be read in conjunction with the annual audited financial statements and the accompanying notes for the year ended December 31, 2018 (included in Clearwater's 2018 Annual Report) which were prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were authorized for issue by Clearwater's Board of Directors on November 5, 2019.

The preparation of these Condensed Consolidated Interim Financial Statements is based on accounting policies and practices consistent with those used in the preparation of the annual audited December 31, 2018 financial statements, except as described below.

(b) Leases

At the inception of a contract, Clearwater assesses whether a contract is or contains a lease based on whether the contract conveys the right to use an asset for a period of time in exchange for consideration. Contracts identified as leases are recognized as a right-of-use asset within property, plant and equipment and corresponding lease liability within long-term debt on the statement of financial position on the commencement date of the lease.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made before the commencement date, less any lease incentives received, any initial direct costs and restoration costs expected to be incurred. The right-of-use asset is subsequently amortized on a straight-line basis over the lease-term.

The corresponding lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, Clearwater's incremental borrowing rate. Lease payments include any fixed payments, variable payments that are dependent on an index or a rate in effect at the time of commencement, amounts expected to be paid under residual value guarantees, and the exercise of a purchase option that are reasonably expected to be exercised. The lease liability is subsequently measured at amortized cost using the effective interest method.

Clearwater has elected to apply the following practical expedients in accounting for leases:

i) Separable components

Clearwater has elected not to separate non-lease components from lease components and account for each lease component and associated non-lease component as a single lease component.

ii) Short-term and leases of assets of low-value

For each class of underlying asset, Clearwater has elected to recognize the exemption for leases with a term of 12-months or less. The recognition exemption for leases of assets of low-value has been applied on a lease-by-lease basis and is comprised of office equipment and miscellaneous plant and vessel equipment. Such items are charged to cost of goods sold and operating expenses on a straight-line basis over the term of the agreement as payments are made.

Use of estimates
Clearwater uses estimation and judgement in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location.

Judgements made in relation to accounting policies applied
Clearwater applies judgement in determining whether the contract contains an identified asset, whether we have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options.

3. CHANGES IN ACCOUNTING POLICIES

Clearwater has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 which supersedes the previous lease accounting standards IAS 17 – Leases and IFRIC 4 – Determining whether an arrangement contains a lease.

The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The Company has elected to apply the modified retrospective approach on transition. The modified retrospective approach does not require restatement of prior period financial information.

Leases accounted for as finance leases under IAS 17 have been reclassified to right-of-use assets within property, plant and equipment and lease liabilities from other long-term liabilities.

(Tabular amounts are in thousands of Canadian dollars)

The following is a reconciliation of operating lease commitments as at December 31, 2018 under IAS 17, to the lease liabilities under IFRS 16 on January 1, 2019.

Operating lease commitments, as disclosed December 31, 2018	$	**10,501**
Contracts reassessed upon transition[1]		**(3,004)**
Finance lease liabilities under IAS 17		**308**
Net lease liability commitments		**7,805**
Discounted		**(712)**
Lease liabilities as at January 1, 2019	**$**	**7,093**

[1] Contracts reassessed upon transition include contracts identified as service or quota agreements, and the amount of additional lease payments beyond minimum commitments relating to reasonably certain renewal periods or extension options that had not yet been exercised as at December 31, 2018.

The lease liability represents the present value of remaining lease payments discounted using the incremental borrowing rate dependent on the currency, term and underlying asset of the agreement.

The associated right-of-use assets were recognized in property, plant and equipment at an amount equal to the lease liability at January 1, 2019, with no impact to retained earnings.

4. SEASONALITY

Clearwater's business experiences a seasonal pattern in which sales and gross margins are lower in the first half of the year and higher in the second half. Investments in capital expenditures and working capital are typically higher in the first half of the year and lower in the second half. This results in lower cash flows in the first half of the year and higher in the second half.

5. FINANCIAL INSTRUMENTS

Clearwater classifies its financial assets and financial liabilities into three categories being subsequently measured at 1) fair value through profit or loss ("FVTPL"); 2) amortized cost; or 3) fair value through other comprehensive income ("FVTOCI"). The classification for financial assets depends on the Company's business model and management of the financial asset and the contractual terms of the cash flows.

Derivatives are classified as FVTPL unless they are designated as hedges. Clearwater has not designated any non-derivative financial liabilities to be recognized as FVTPL.

(Tabular amounts are in thousands of Canadian dollars)

The following tables set out Clearwater's classification, carrying amount and fair value for each type of financial asset and liability:

September 28, 2019	FVTPL	FV Hedging	Amortized cost	Total Carrying amount	Fair value
Assets:					
Cash	$ 9,704	$ -	$ -	**$ 9,704**	**$ 9,704**
Trade and other receivables	-	-	97,971	**97,971**	**97,971**
Long-term receivables	-	-	6,103	**6,103**	**6,103**
Derivative financial instruments	10,764	1,652	-	**12,416**	**12,416**
	$ 20,468	$ 1,652	$ 104,074	**$ 126,194**	**$ 126,194**
Liabilities:					
Trade and other payables[1]	$ -	$ -	$ (82,071)	**$ (82,071)**	**$ (82,071)**
Long-term debt[2]	(2,224)	-	(467,923)	**(470,147)**	**(481,796)**
Derivative financial instruments	(2,124)	(13)	-	**(2,137)**	**(2,137)**
	$ (4,348)	$ (13)	$ (549,994)	**$ (554,355)**	**$ (566,004)**

[1] *Trade and other payables includes share-based compensation of $3.4 million which is not recorded at amortized cost.*

[2] *Long-term debt includes lease liabilities of $7.0 million and is recorded at amortized cost.*

December 31, 2018	FVTPL	FV Hedging	Amortized cost	Total Carrying amount	Fair value
Assets:					
Cash	$ 35,887	$ -	$ -	**$ 35,887**	**$ 35,887**
Trade and other receivables	-	-	85,244	**85,244**	**85,244**
Long-term receivables	-	-	4,970	**4,970**	**4,970**
Derivative financial instruments	10,815	3,078	-	**13,893**	**13,893**
	$ 46,702	$ 3,078	$ 90,214	**$ 139,994**	**$ 139,994**
Liabilities:					
Trade and other payables[1]	$ -	$ -	$ (70,507)	**$ (70,507)**	**$ (70,507)**
Long-term debt	(3,513)	-	(459,904)	**(463,417)**	**(450,098)**
Derivative financial instruments	(10,463)	-	-	**(10,463)**	**(10,463)**
	$ (13,976)	$ -	$ (530,411)	**$ (544,387)**	**$ (531,068)**

[1] *Trade and other payables includes share-based compensation of $3.5 million which is not recorded at amortized cost.*

Fair value of financial instruments carried at amortized cost:

Except as detailed above, Clearwater considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values. For cash, trade and other receivables, and trade and other payables, the carrying value approximates their fair values due to the short-term maturity of these instruments. The fair values of the long-term receivables are not materially different from their carrying values.

The estimated fair value of Clearwater's long-term debt for which carrying value did not approximate fair value at September 28, 2019 was $356.8 million (December 31, 2018 - $354.3 million) and the carrying value was $345.1 million (December 31, 2018 - $367.7 million). The fair value of long-term debt has been classified as Level 2 in the fair value hierarchy (described below) and was estimated based on discounted cash flows using current rates for similar financial instruments subject to similar risks and maturities.

(Tabular amounts are in thousands of Canadian dollars)

(a) Fair value hierarchy

Assets and liabilities carried at fair value are classified using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The levels are defined as follows:

- Level 1: Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below sets out fair value measurements of financial instruments carried at fair value through profit and loss and fair value hedging instruments using the fair value hierarchy:

September 28, 2019	Level 1	Level 2	Level 3
Recurring measurements			
Financial Assets:			
Cash	$ 9,704	$ -	$ -
Derivative financial instruments	-	12,416	-
	$ 9,704	$ 12,416	$ -
Financial Liabilities:			
Derivative financial instruments	-	2,137	-
Earnout liability	-	-	2,224
	$ -	$ 2,137	$ 2,224

December 31, 2018	Level 1	Level 2	Level 3
Recurring measurements			
Financial Assets:			
Cash	$ 35,887	$ -	$ -
Derivative financial instruments		13,893	
	$ 35,887	$ 13,893	$ -
Financial Liabilities:			
Derivative financial instruments	-	10,463	-
Earnout liability	-	-	3,513
	$ -	$ 10,463	$ 3,513

There were no transfers between levels during the periods ended September 28, 2019 and December 31, 2018.

Clearwater used the following techniques to value financial instruments categorized in Level 2:

- Forward foreign exchange contracts are measured using present value techniques. Future cash flows are estimated based on forward exchange rates (from observable exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of Clearwater and the various counterparties.

The Earnout liability relating to the Macduff acquisition is a financial liability categorized as Level 3 as the fair value measurement of this financial liability is based on significant inputs not observable in the market. Refer to detail in the annual financial statements for a description of the valuation method of the Earnout liability.

The fair value estimates are not necessarily indicative of the amounts that Clearwater will receive or pay at the settlement of the contracts.

(b) Derivative financial instruments

The Company periodically uses derivative instruments as part of an active risk management program. The Company designated certain forward foreign exchange contracts related to USD denominated interest payments as hedging instruments in a hedging accounting, qualifying hedging relationship (cash flow hedge). Changes in the fair value of derivatives in a qualifying hedging relationship are recognized in comprehensive income until the hedged risk affects income. The Company has elected not to use hedge accounting on the remaining derivative instruments and consequently, changes in their fair value are recorded in the consolidated statement of earnings (loss).

(Tabular amounts are in thousands of Canadian dollars)

Clearwater has forward contracts maturing each month until June 2020 and forward contracts related to the USD Notes maturing May 2022 (Note 6). At September 28, 2019 Clearwater had outstanding forward contracts as follows:

Currency	Foreign currency notional amount (in 000's)	Average contract exchange rate	Weighted average months to maturity		Fair value asset (liability)
Contracts in a current asset position					
Derivatives designated as hedging instruments					
USD	8,594	1.257	5	$	560
Derivatives not designated as hedging instruments					
Euro	27,895	1.542	6		2,112
USD	43,659	1.329	7		291
Yen	1,174,450	0.0125	7		127
Euro - GBP	9,209	0.910	6		209
				$	3,299
Contracts in a non-current asset position					
Derivatives designated as hedging instruments					
USD	27,500	1.283	22	$	1,092
Derivatives not designated as hedging instruments					
Euro	4,368	1.527	15		153
USD	208,984	1.286	30		7,700
Yen	870,900	0.0128	17		112
Euro - GBP	2,875	0.917	14		60
					9,117
Total contracts in an asset position				$	12,416
Contracts in a current liability position					
Derivatives designated as hedging instruments					
USD	5,156	1.326	1	$	(13)
Derivatives not designated as hedging instruments					
USD	56,760	1.304	4		(1,059)
Yen	1,903,625	0.0122	4		(367)
Euro - GBP	19,163	0.874	4		(609)
				$	(2,048)
Contracts in a non-current liability position					
Derivatives not designated as hedging instruments					
USD	5,880	1.319	15		(22)
Yen	223,500	0.0125	14		(23)
Euro - GBP	2,608	0.893	14		(44)
					(89)
Total contracts in a liability position				$	(2,137)

(Tabular amounts are in thousands of Canadian dollars)

At December 31, 2018, Clearwater had outstanding forward contracts as follows:

Currency	Foreign currency notional amount (in 000's)	Average contract exchange rate	Weighted average months to maturity		Fair value asset (liability)
Contracts in a current asset position					
Derivatives designated as hedging instruments					
USD	13,750	1.284	7	$	1,003
Derivatives not designated as hedging instruments					
Euro	8,950	1.594	5		126
Euro - GBP	13,540	0.911	8		93
				$	1,222
Contracts in a non-current asset position					
Derivatives designated as hedging instruments					
USD	34,375	1.283	28	$	2,075
USD	200,000	1.284	40		10,584
Euro - GBP	2,120	0.918	15		12
					12,671
Total contracts in an asset position				$	13,893
Contracts in a current liability position					
Derivatives not designated as hedging instruments					
Euro	24,060	1.550	6		(770)
USD	121,723	1.298	6		(7,204)
Yen	2,928,300	0.0120	6		(1,631)
Euro - GBP	14,890	0.889	5		(361)
				$	(9,966)
Contracts in a non-current liability position					
Derivatives not designated as hedging instruments					
Euro	5,620	1.574	15		(207)
Yen	396,400	0.0121	14		(242)
Euro - GBP	1,870	0.900	15		(48)
					(497)
Total contracts in a liability position				**$**	(10,463)

(Tabular amounts are in thousands of Canadian dollars)

(c) (Gains) losses on derivative financial instruments

	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018
Realized (gain) loss				
Forward foreign exchange contracts	**$ 729**	$ 2,306	**$ 339**	$ (244)
Change in unrealized (gain) loss				
Forward foreign exchange contracts	**(1,215)**	(7,841)	**(10,376)**	1,032
	$ (486)	$ (5,535)	**$ (10,037)**	$ 788

(d) Gains (losses) on derivatives designated as hedging instruments

Clearwater entered into USD forward foreign exchange contracts to hedge a portion of its USD interest payments, payable semi-annually in May and November each year.

The following table summarizes amounts recognized in the Consolidated Statements of Comprehensive Income (Loss), the amounts reclassified from Accumulated Comprehensive Income (Loss) ("ACL") within equity and the amount recorded in the Consolidated Statements of Earnings (Loss):

	Gain (loss) recognized in ACL		Gain (loss) reclassified from ACL to Net finance costs		Ineffectiveness recognized in Net finance costs	
	13 weeks ended		13 weeks ended		13 weeks ended	
Derivatives in cash flow hedging relationship	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018
Forward foreign exchange contracts	**769**	(1,051)	**(179)**	34	-	-
Income tax recovery (expense)	**(235)**	192	**54**	(10)	-	-
Net gain (loss)	**$ 535**	$ (859)	**$ (125)**	$ 24	**$ -**	$ -

	Gain (loss) recognized in ACL		Gain (loss) reclassified from ACL to Net Finance Costs		Ineffectiveness recognized in Net Finance Costs	
	39 weeks ended		39 weeks ended		39 weeks ended	
Derivatives in cash flow hedging relationship	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018
Forward foreign exchange contracts	**(1,437)**	1,542	**(60)**	(94)	-	-
Income tax recovery (expense)	**438**	(599)	**18**	29	-	-
Net gain (loss)	**$ (999)**	$ 943	**$ (42)**	$ (65)	**$ -**	$ -

(Tabular amounts are in thousands of Canadian dollars)

(e) Foreign exchange (gains) losses on long-term debt and working capital

	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018
Realized (gain) loss				
Long-term debt and working capital	**$ 1,103**	$ 347	**$ 2,320**	$ (4,854)
Unrealized (gain) loss				
Long-term debt and working capital	**3,706**	(4,027)	**(6,435)**	15,417
Forward foreign exchange contracts	**(4,094)**	3,375	**2,916**	(3,182)
	(388)	(652)	**(3,519)**	12,235
	$ 715	$ (305)	**$ (1,199)**	$ 7,381

6. LONG-TERM DEBT

As at	**September 28 2019**	December 31 2018
Senior debt:		
USD senior unsecured notes, due May 2025 (USD $250,000)	**$ 325,230**	$ 333,955
Term loan B, due May 2022	**33,950**	34,177
Revolving credit facility, due May 2022	**81,871**	58,019
Deferred obligation	**16,337**	16,504
Earnout liability	**2,224**	3,513
Term loan, due September 2019 (a)	**-**	13,637
Term loan, due in 2091	**3,500**	3,500
Lease liabilities (b)	**6,966**	-
Other loans	**69**	112
Total Debt	**470,147**	463,417
Less: current portion [1]	**(10,773)**	(23,269)
Total Long-term Debt	**$ 459,374**	$ 440,148

[1]Current portion of long-term debt includes scheduled payments related to the Senior debt, scheduled payments on lease liabilities, Deferred obligation payments, less accretion during the period and minimum payment related to the Earnout liability.

There were no significant changes to long-term debt as at September 28, 2019, except as noted below. For details regarding long-term debt, refer to Note 13 in Clearwater's 2018 Annual Financial Statements.

(a) Term loan, due September 2019

In September 2019, our subsidiary in Argentina repaid the outstanding loan ($10.0 million USD; CDN - $13.2 million) on its maturity date.

(b) Lease liabilities

The Company currently leases office space, machinery, wharves, equipment and vehicles. A lease liability has been recognized equal to the present value of remaining lease payments discounted at the interest rate implicit in the lease, or if that rate cannot be readily determined, Clearwater's incremental borrowing rate.

7. SHARE CAPITAL

Clearwater is authorized to issue an unlimited number of common shares.

Share capital movement:

As at	**September 28 2019**		December 31 2018	
Share capital:	**#**	**$**	#	$
Balance at January 1	**64,841,993**	**215,506**	63,934,698	210,860
Shares issued under share-based compensation plans	**19,240**	**99**	21,185	98
Shares issued under dividend reinvestment plan	**197,295**	**993**	886,110	4,548
Closing balance	**65,058,528**	**216,598**	64,841,993	215,506

Dividend Reinvestment Plan

On February 15, 2018, Clearwater approved a Dividend Reinvestment Plan ("DRIP") to provide shareholders with the option to have the cash dividends declared on the common shares of Clearwater reinvested automatically back into additional shares. Shares may be either newly issued from treasury or purchased on the open market. Clearwater may from time to time, in its sole discretion, offer a discount of up to 5% of the average market price for shares purchased from treasury. Clearwater will provide a discount of 3% from the average market price for shares purchased under the plan until further notice.

Clearwater reserved 2.5 million common shares (September 28, 2019 – 2.5 million remaining) for issuance under the share-based compensation plans and 3.0 million (September 28, 2019 – 1.9 million remaining) under the DRIP.

Subsequent to the end of the quarter, on November 5, 2019 the Board of Directors declared a quarterly dividend of CAD $0.05 per share payable on December 2, 2019 to shareholders of record as of November 18, 2019 for a total of approximately $3.3 million (excluding the impact of the DRIP).

8. EARNINGS (LOSS) PER SHARE

The earnings and weighted average number of shares used in the calculation of basic and diluted earnings (loss) per share is as follows:

In thousands except number of shares and per share data	13 weeks ended **September 28 2019**	September 29 2018	39 weeks ended **September 28 2019**	September 29 2018
Earnings (loss) attributable to shareholders - basic and diluted	$ **7,804**	$ 10,818	$ **24,092**	**$** (3,863)
Weighted average number of shares outstanding - basic	**65,047,676**	64,417,905	**64,974,262**	64,170,905
Adjustment for share-based compensation plan	**-**	130,835	**19,873**	78,780
Weighted average number of shares outstanding - diluted	**65,047,676**	64,548,740	**64,994,135**	64,249,684
Earnings (loss) per share				
Basic	**$ 0.12**	$ 0.17	**$ 0.37**	$ (0.06)
Diluted	**$ 0.12**	$ 0.17	**$ 0.37**	$ (0.06)

Diluted weighted average number of shares outstanding are adjusted for the dilutive effect of share-based compensation.

(Tabular amounts are in thousands of Canadian dollars)

9. SEGMENT INFORMATION

Clearwater has one reportable segment which includes its integrated operations for harvesting, processing, marketing and the distribution of seafood products.

(a) Sales by Species

	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018
Scallops	**$ 45,028**	$ 44,592	**$ 123,781**	$ 127,964
Clams	**32,592**	29,357	**86,414**	82,886
Lobster	**27,259**	22,616	**67,141**	66,179
Coldwater shrimp	**16,145**	15,383	**51,407**	56,912
Crab	**21,003**	19,204	**37,230**	27,991
Langoustine	**12,735**	10,402	**34,806**	27,965
Whelk	**7,221**	6,306	**22,721**	22,554
Groundfish and other species	**13,217**	16,365	**25,659**	19,988
	$ 175,200	$ 164,225	**$ 449,159**	$ 432,439

(b) Sales by Geographic Region of the Customer

	13 weeks ended		39 weeks ended	
	September 28 2019	September 29 2018	**September 28 2019**	September 29 2018
China	**$ 43,282**	$ 39,876	**$ 108,012**	$ 86,178
Japan	**16,195**	19,680	**46,454**	57,060
Other	**10,537**	8,050	**32,702**	28,521
Asia	**70,014**	67,606	**187,168**	171,759
Canada	**28,640**	23,964	**61,934**	52,067
United States	**18,944**	23,141	**55,583**	66,620
North America	**47,584**	47,105	**117,517**	118,687
France	**23,114**	22,773	**57,622**	63,028
UK	**8,885**	6,618	**22,304**	17,495
Scandinavia	**6,864**	4,931	**18,408**	22,800
Other	**18,736**	15,184	**46,125**	38,583
Europe	**57,599**	49,506	**144,459**	141,906
Other	**3**	8	**15**	87
	$ 175,200	$ 164,225	**$ 449,159**	$ 432,439

(Tabular amounts are in thousands of Canadian dollars)

(c) Non-current Assets by Geographic Region

As at	**September 28 2019**	December 31 2018
Property, plant and equipment, licenses, fishing rights and goodwill		
Canada	**$ 291,409**	$ 306,565
Argentina	**9,495**	10,844
Scotland	**162,225**	168,653
Other	**914**	100
	$ 464,043	$ 486,162

10. CONTINGENT LIABILITIES

From time to time Clearwater is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material effect on Clearwater's consolidated financial position.

11. ADDITIONAL CASH FLOW INFORMATION

	13 weeks ended		26 weeks ended	
Changes in operating working capital	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018
(Increase) decrease in inventory[1]	**$ 4,829**	(448)	**$ (44,869)**	(29,148)
(Increase) decrease in trade and other receivables	**(10,609)**	1,372	**(16,780)**	12,371
(Increase) decrease in prepaids and other	**(646)**	455	**895**	(699)
Increase (decrease) in trade and other payables	**7,413**	2,372	**12,180**	(469)
Increase (decrease) in income taxes payable	**12**	(1,276)	**(1,239)**	(5,529)
	$ 999	$ 2,475	**$ (49,813)**	$ (23,474)

[1](Increase) decrease in inventory for 2018 has been restated to reflect the impact of depreciation recorded within inventory to be consistent with the current period. See Note 12.

(Tabular amounts are in thousands of Canadian dollars)

	13 weeks ended		39 weeks ended	
Changes in liabilities arising from financing activities	**September 28 2019**	September 29 2018	**September 28 2019**	September 29 2018
Current and long-term debt - beginning of period	**$ 491,423**	$ 495,328	**$ 463,417**	$ 473,173
Repayment of long-term debt	**(13,350)**	(101)	**(14,869)**	(1,662)
Repayment of lease liabilities	**(378)**	-	**(1,082)**	-
Net (repayment of) proceeds from revolving credit facility	**(11,533)**	(17,200)	**23,317**	(10,248)
Non-cash changes in long-term debt:				
Accretion on deferred obligation	**301**	452	**918**	1,370
Fair market value adjustment on earnout liability	**41**	(57)	**173**	(714)
Amortization of deferred financing costs	**445**	428	**1,326**	1,260
Foreign exchange (gain) loss on long-term debt	**2,740**	(6,773)	**(11,440)**	8,898
Additions to lease liabilities	**458**	-	**1,294**	-
Lease liability transition adjustment[1]	**-**	-	**7,093**	-
Current and long-term debt - end of period	**$ 470,147**	$ 472,077	**$ 470,147**	$ 472,077

[1]Upon transition to IFRS 16, the Company recognized a lease liability representing the present value of the remaining lease payments and reclassified finance leases previously classified in Other liabilities to Long-term debt.

12. COMPARATIVE INFORMATION

These Condensed Consolidated Interim Financial Statements contain certain reclassifications of prior year amounts to be consistent with the current period presentation. Significant reclassifications are discussed below.

In the Condensed Consolidated Interim Statements of Cash Flows, depreciation and amortization recorded to inventory has been reclassified from depreciation and amortization to change in non-cash operating working capital. Adjustments for depreciation and amortization reflect amounts recorded within cost of sales and operating expenses in the period. This change in presentation has no impact on cash from operating activities.

13. SUBSEQUENT EVENTS

Deferred obligation

On October 31, 2019, the holders of the Earn Out Shares elected to be paid 20% of the Deferred Obligation. As a result, a payment of £5.2 million (CDN - $8.5 million) will be paid in the fourth quarter of 2019.