



2019 MANAGEMENT DISCUSSION AND ANALYSIS





REMARKABLE SEAFOOD, RESPONSIBLE CHOICE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared effective March 3, 2020.

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 consolidated Financial Statements, the 2019 fourth quarter news release and 2019 Annual Information Form ("AIF").

This MD&A should be read in conjunction with the 2019 annual consolidated Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") and the 2019 AIF, which are available on the System for Electronic Document Analysis and Retrieval ("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 seafood. 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, sustainable seafood, including scallops, lobster, clams, coldwater shrimp, langoustine, whelk, crab and groundfish with approximately 99 million pounds sold in 2019.

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.

<u>CLEARWATER'S MISSION, VALUE PROPOSITION AND STRATEGIES</u>

Clearwater's **mission** is to build the world's most **extraordinary**, **wild seafood** company, dedicated to **sustainable seafood excellence**.

We define:

- "**extraordinary**" as sustainable growth in revenue, margins, adjusted EBITDA, free cash flows and the creation of long-term shareholder value;
- "**wild seafood**" as premium wild shellfish, including our core species (scallops, clam, lobster, coldwater shrimp, crab and langoustines); and
- "**sustainable seafood excellence**" as delivering best-in-class quality, food safety, traceability and sustainability.

We believe that the fulfillment of this mission will result in extraordinary value creation for shareholders, customers, employees and the communities in which we work and live.

Value Proposition

At Clearwater, we have a passion for wild seafood and strive to deliver a highly differentiated and competitively advantaged value proposition to a global customer base. Key elements of Clearwater's unique value proposition are:

- Great tasting, nutritious, highest quality, frozen-at-sea, premium shellfish.
- Expertise in premium shellfish science, harvesting, processing and logistics technology to ensure quality and safety from "ocean to plate".
- Sustainable fisheries, with expertise in fisheries science and management and a commitment to traceability and long-term health of our wild resources.
- Competitively advantaged global customer service with local market understanding and insight.
- Scale in licence and quota ownership guaranteeing exclusive and stable supply to service, the largest global retail and food service customers.

Strategies

Clearwater's six core strategies are designed to strengthen our competitive and differentiated value proposition. They are:

1. **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, supplier relationships, and long-term supply agreements. Licencing, quotas and strategic procurement provide Clearwater with a consistent and renewable supply of premium, wild-caught, sustainably-harvested seafood for distribution around the globe. Clearwater's subsidiary in the United Kingdom is one of the largest processors of wild shellfish in the United Kingdom with opportunity for future growth.

Clearwater harvests and/or procures approximately sixteen core premium seafood species, including: three species of scallops, lobster, four species of clams, coldwater shrimp, langoustines, whelk, three species of crab, turbot and sea cucumber.

- ***Shellfish licences and quotas***
  Operating from ocean-to-plate, Clearwater harvests a large portion of their seafood supply through shellfish licence and quota holdings in Canada, Argentina and the United Kingdom. Held licences and quotas include Arctic surf clam, offshore lobster, Canadian sea scallops, Argentine scallops, UK scallops and coldwater shrimp.

- ***Expanding Access through Strategic Partnerships***
  Clearwater expands access to premium wild caught seafood through strategic partnerships including, supplier relationships with fishers, harvesting agreements with Indigenous groups and joint ventures. Clearwater brings unique value to these partnerships through its well-established global supply chain, extensive global distribution network and technical expertise in value-added processing.

2. **Target profitable & growing markets, channels & customers** – Clearwater targets growing markets, consumers, channels and customers based on size, profitability, demand for eco-label seafood and ability to win.

   - ***Global demand for shellfish remains strong***
     Sales grew 4.1% in 2019 as growth continued in Europe and Asia with annual sales increasing 6% and 7%, respectively. Clearwater utilized existing channels and customers to launch sea cucumber and continues to focus on expanding distribution for clam and UK products including langoustines, crab and whelk. Concurrently, Clearwater has successfully expanded sales and distribution in Brazil and Vietnam.

   - ***Showcasing Clearwater products***
     Globally, Clearwater participated in twenty trade shows and customer or distributor events promoting Arctic Surf and Cockle clam, Sea Cucumber, Canadian Sea Scallops, Lobster and a full range of Clearwater products.

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, convenience and fair labour practices.

   - ***Product development***
     In 2019, Clearwater launched a variety of new product offerings including cockle and quahog clams, live crab, hand peeled, de-veined langoustines and roe on scallops.

4. **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.

   Clearwater realized top and bottom-line growth in 2019. Margins benefited from a revitalized fleet that resulted in lower costs and higher value for certain species, in addition to improvements in procurement strategies.

   - ***Position organization for price realization and cost management***
     Clearwater continues to leverage our state-of-the-art technology and systems to drive margin improvements through cost management. Our fleet and land-based operations maintain agility in processes across our diversified species to respond to fluctuations in capacity and resource supply.

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.

- ***Leveraging Intellectual Property ("IP") and Technology***
  Clearwater continues to leverage and further evolve its proprietary technology to reduce costs, strive to lower our environmental footprint and maximize the quality of our products.

  - **Ocean floor mapping** is utilized by our fleet, in combination with fishery-specific innovative gear and geographic positioning technology enabling us to continually increase the productivity of our fleet.
  - **Patented automatic shucking** technology and solutions deliver superior tasting and quality products to customers by enabling fresh frozen-at-sea products that are frozen within an hour of the catch.
  - **State-of-the-art IP protected clam dredging** technology achieves lower costs and improved productivity while managing the Company's environmental footprint.
  - **Live product storage and distribution –** technological expertise in the storage and distribution of live lobster; recently expanded to live crab.
  - **Automated defect detection technology –** improved food safety and quality of products, and reduced production costs.

5. **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 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, it's in our DNA. Clearwater has provided assurance of the sustainability of our fisheries through the third-party assurance programs of the MSC program. As a leader in sustainable harvesting for wild fisheries, Clearwater offers the widest selection of sustainably certified species of any seafood harvester worldwide.

- ***Commitment to sustainability***
  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.

  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.

- ***Environmentally responsible***
  Seafood currently ranks lower than other proteins in terms of greenhouse gas emissions per gram of protein and Clearwater is focused on continuing to drive efficiency and lowering our costs and carbon consumption and lowering the impact of our operations on the environment by advancing our company-wide sustainability framework to improve economic, environmental and social outcomes on land and sea.

6. **Build organizational capability, capacity & engagement** – Clearwater invests in global talent and programs to build world-class capabilities and diversity throughout its organization. From ocean-to-plate, Clearwater has an employee presence in eleven countries around the world, providing global access to markets and distribution channels.

   In 2019, Clearwater increased employment for First Nations on our vessels and land-based operations, as part of our partnership with Indigenous communities.

CAPABILITY TO DELIVER RESULTS

Clearwater's revenues and earnings are dependent primarily on its ability to harvest, purchase, and market seafood.

Access to Supply

Supply is dependent to a large extent on the annual total allowable catch ("TAC") for each species. The annual TAC is related to the health of the stock of the species as determined by the relevant government fishery management organizations. All stocks are managed sustainably providing assurance of the long-term availability of the resource, however annual fluctuations in supply of a natural resource are normal. Short term impacts of such fluctuations can normally be offset within Clearwater's species portfolio and/or by making adjustments within each business unit. See *Risk and Uncertainties – Resource Supply Risk* and *Political Risk* for further information regarding Clearwater TAC.

The primary shellfish stocks that Clearwater harvests are Canadian sea, Argentine and UK scallops, clam, lobsters and coldwater shrimp, which are harvested in offshore fisheries. Clearwater harvests scallops, clams, coldwater shrimp and lobsters with its own vessels while supplementing supply of lobsters, coldwater shrimp and other species through purchases from independent fishermen.

- The **Canadian sea scallop** resource typically fluctuates within a stable range. Clearwater anticipates TACs within the normal range in upcoming years. Clearwater lands virtually all its sea scallop quota each year and may from time to time harvest quotas for other industry participants or purchase raw material supply from other industry participants.

- **Argentine scallop** volumes typically fluctuate within a stable range.

- **UK King Scallop** landings are stable. The fishery is managed under a combination of effort days, gear regulation and maximum landing size which vary by area.

- The offshore Canadian **lobster** resource is healthy with a consistent offshore TAC. Clearwater harvests all its lobster quota each year and procures its remaining supply requirements from inshore fishers. Inshore lobster landings have been stable.

- **Coldwater shrimp** - The Northern shrimp resource has declined from historic highs over the last five years. Recent quota changes have been minimal, with modest increases or decreases in certain fishing zones. Clearwater holds access to quotas directly through licences and through long-term harvesting agreements.

- The **Arctic surf clam** resource is stable. Clearwater has quota allocations on both Banquereau Bank and the Grand Banks in Canada and anticipates TACs within the normal range in the upcoming years.

  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, committing to work together to submit an Expression of Interest in any future DFO process to issue a fourth clam licence.

Effective January 1, 2019, the 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 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 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 Capability

For the species it harvests, Clearwater maintains the largest, most modern fleet of factory freezer vessels in Canada, as well as vessels used to harvest Clearwater's offshore lobster, UK scallops, UK crab and to complete research and development. Following a significant fleet revitalization investment period (2015 – 2017), Clearwater's harvesting fleet is well positioned to continue leveraging cutting-edge technologies to increase access to supply, optimize productive capacity, and drive margin expansion.

Clearwater classifies capital expenditures as either return on investment ("ROI") or maintenance capital. Significant expenditures that are expected to have a return in excess of the cost of capital are classified as ROI, and all refits and expenditures that are expected to return less than the average cost of capital are classified as maintenance. Repairs and maintenance costs are expensed as incurred.

Clearwater invested the following on capital expenditures and repairs and maintenance over the last three years:

(In 000's)

For the years ended December 31	**2019**	2018	2017	Total
Vessels	**$ 17,230**	$ 13,659	$ 59,655	$ 90,544
Plants and other	**10,746**	5,465	25,776	41,987
	$ 27,976	$ 19,124	$ 85,431	$ 132,531
Return on investment capital	**$ 3,797**	$ 518	$ 63,846	$ 68,161
Maintenance capital	**24,179**	18,606	21,585	64,370
	$ 27,976	$ 19,124	$ 85,431	$ 132,531
Maintenance capital	**$ 24,179**	$ 18,606	$ 21,585	$ 64,370
Repairs and maintenance expense	**18,098**	18,281	21,971	58,350
	$ 42,277	$ 36,887	$ 43,556	$ 122,720
Depreciation/Amortization	**$ 44,622**	$ 48,826	$ 45,252	$ 138,700
Maintenance spending as a % of depreciation	**94.7%**	75.5%	96.3%	88.5%

In 2019, Clearwater invested $28.0 million in capital expenditures primarily related to vessel refits and maintenance of land-based operations.

In 2018, Clearwater invested $19.1 million in capital expenditures following the completion of its fleet modernization program in 2017. The majority of capital expenditures related to vessel refits.

In 2017, Clearwater invested $85.4 million in capital expenditures: $39.2 million of investment capital related to the Anne Risley, a replacement clam vessel, completing Clearwater's fleet modernization program; $21.6 million of maintenance capital largely related to vessel refits and $19.5 million to improve operational efficiencies in Clearwater's land-based operations.

Clearwater's largest fleet investments are in its ten factory vessels located within Canada and Argentina.

Of the ten factory vessels:

- Four vessels harvest sea and Argentine scallops with average vessel ages of 22 years and 24 years old, respectively.

- Three of Clearwater's Canadian vessels are used to harvest clams and are on average 14 years old. In 2017, Clearwater completed the construction of a new clam harvesting vessel, the Anne Risley, which replaced an existing vessel in the fourth quarter of 2017. These vessels have the capacity to harvest the entire clam quota.

- Two vessels harvest shrimp and are on average 26 years old. These vessels have the capacity to harvest our entire shrimp and turbot quota. One of the vessels was built in 1985 and in 2014 Clearwater invested $12.5 million in a late-life refit, thereby extending its useful life.

Clearwater's fleet also includes a lobster vessel which harvests Clearwater's Canadian offshore lobster quota, 10 mid-shore scallop harvesting vessels and one crab vessel operating within the UK with average estimated remaining useful lives between 2-16 years.

In 2020, Clearwater expects to invest between $35-$40 million in capital projects relating to vessel refits and land-based supply chain infrastructure.

Liquidity[1] and capital resources

Clearwater maintains sufficient liquidity to enable continued access to capital to finance seasonal operations, investments in innovation and technology and to fund growth. See *Capital Structure and Liquidity* for further information regarding Clearwater's capital strategy and capital structure.

Leverage as at December 31, 2019 was 4.1x compared to 4.7x as at December 31, 2018. Leverage improved as adjusted EBITDA[1] attributable to shareholders increased following strong harvesting conditions and favourable sales mix across multiple species, partially offset by competitive market conditions for shrimp. Overall, net debt remained consistent as adjusted EBITDA growth was partially offset by higher receivables due to timing of sales and planned increase in capital expenditures.

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 As at December 31	2019	2018	2017
Profitability			
Sales	**$ 616,244**	$ 592,246	$ 621,031
Sales growth	**4.1%**	(4.6%)	1.5%
Gross margin	**$ 122,253**	$ 106,837	$ 110,068
Gross margin (as a % of sales)	**19.8%**	18.0%	17.7%
Adjusted EBITDA[1,2]	**114,902**	104,391	108,596
Adjusted EBITDA[1,2] (as a % of sales)	**18.6%**	17.6%	17.5%
Adjusted EBITDA attributable to shareholders[1,2]	**$ 99,245**	$ 88,175	$ 89,156
Adjusted EBITDA attributable to shareholders[1,2] (as a % of sales)	**16.1%**	14.9%	14.4%
Earnings (loss) attributable to shareholders	**$ 41,692**	$ (16,204)	$ 15,759
Basic earnings (loss) per share	**0.64**	(0.25)	0.25
Diluted earnings (loss) per share	**0.64**	(0.25)	0.25
Dividends paid on common shares	**0.20**	0.20	0.20
Adjusted earnings (loss) attributable to shareholders[1]	**20,717**	15,831	8,690
Adjusted earnings (loss) attributable to shareholders[1] per share	**0.32**	0.25	0.14
Cash flows and leverage			
Cash from (used in) operating activities	**$ 63,731**	$ 76,487	$ 58,141
Cash from (used in) financing activities	**(43,235)**	(60,617)	22,665
Cash from (used in) investing activities	**(23,041)**	(16,701)	(85,516)
Free cash flows[1]	**17,419**	45,206	(8,428)
Leverage[1,3]	**4.1**	4.7	5.0
Returns			
Return on assets[1,4]	**9.6%**	7.4%	8.1%
Total assets	**$ 717,499**	$ 727,423	$ 770,880

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

[2] Adjusted earnings before interest, tax, depreciation and amortization.

[3] Leverage is calculated as adjusted EBITDA attributable to shareholders to net debt and differs from the calculation of leverage for covenant purposes. Net debt at December 31, 2019 includes lease liabilities of $6.7 million recognized upon transition to IFRS 16, effective January 1, 2019.

[4] Return on assets is calculated as adjusted earnings before interest and taxes to total average quarterly assets.

2019 Key Highlights

The following are key highlights and developments based on Clearwater's KPIs and Financial Measures for 2019.

Profitability
Annual sales grew 4.1% and adjusted EBITDA increased $10.5 million or 10.1% as compared to the prior year.

- Adjusted EBITDA as a percentage of sales increased 100 basis points from 17.6% in 2018 to 18.6% in 2019, reflecting strong harvest conditions and favourable sales mix weighted toward higher margin species.
- Gross margin as a percentage of sales increased 180 basis points from 18.0% to 19.8%. Strong harvest conditions and favourable mix in scallops and clams, partially offset by competitive conditions for shrimp, contributed to higher margins.
- Access to supply and customer demand in other procured species, including langoustine and crab, remained strong as compared to the prior year.
- Sales growth in 2019 is attributed to sales growth in Europe and Asia of 6% and 7% respectively. Sales in Europe benefited from favourable sales mix for scallops and available supply of scallops and langoustines. The expansion of distribution channels and market demand for clams fueled growth in Asia.
- Earnings attributable to shareholders increased $58.0 million as compared to the prior year primarily due to changes in unrealized foreign exchange gains on derivative contracts and long-term debt and higher gross margin.
- Adjusted earnings attributable to shareholders[1] increased $4.9 million as compared to the same period in 2018, as a result of higher gross margin partially offset by realized foreign exchange losses on working capital.

Cash flows and leverage
Leverage decreased to 4.1x as at December 31, 2019 compared to 4.7x as at December 31, 2018. In 2019, Clearwater repaid $23.9 million of long-term debt. Cash from operations and free cash flows[1] were $63.7 million and $17.4 million in 2019 as compared to $76.5 million and $45.2 million in 2018.

- Leverage decreased due to higher adjusted EBITDA attributable to shareholders following strong harvest conditions across multiple species and favourable sales mix in scallops and clams, partially offset by competitive market conditions for shrimp.
- Cash from operations decreased over prior year as EBITDA growth was offset by timing of sales, resulting in higher accounts receivable balances at year end, and other working capital changes. Free cash flow was further impacted by the increase in planned capital expenditures.

Returns
Return on assets[1] increased to 9.6% in 2019 as compared to 7.4% in 2018. The improvement was primarily due to higher EBIT and slightly lower average assets following a weakening GBP versus the Canadian dollar. Higher EBIT in 2019 is due to strong harvesting conditions and sales mix.

Developments

Arctic Surf Clam
The DFO confirmed that the remaining 25 percent of the clam quota would be issued to Clearwater and its First Nations partners for 2020.

New joint venture
On January 15, 2020, Clearwater entered into an agreement to form a new joint venture which will take over the operations of St. Anthony Seafoods Limited Partnership plant. Closing of the transaction is subject to regulatory approval and customary conditions and is scheduled for March 31, 2020.

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

EXPLANATION OF CHANGES IN EARNINGS

The following consolidated statements of earnings (loss) reflects the results of Clearwater for the 13 weeks and years ended December 31, 2019 and 2018. For supplemental non-IFRS measures, refer to discussion on non-IFRS measures in the non-IFRS measures, definitions and reconciliations section of this MD&A. Detailed discussion on the components of consolidated earnings (loss) follows:

			13 weeks ended			Year ended
	December 31	December 31		**December 31**	December 31	
In 000's of Canadian dollars	**2019**	2018	Change	**2019**	2018	Change
Sales	**$ 167,085**	$ 159,807	$ 7,278	**$ 616,244**	$ 592,246	$ 23,998
Cost of goods sold	**135,739**	133,340	2,399	**493,991**	485,409	8,582
Gross margin	**31,346**	26,467	4,879	**122,253**	106,837	15,416
Gross margin as a % of sales	***18.8%***	*16.6%*	*2.2%*	***19.8%***	*18.0%*	*1.8%*
Operating expenses						
Administrative and selling	**14,020**	12,675	(1,345)	**57,253**	53,509	(3,744)
Restructuring costs	**-**	-	-	**-**	482	482
Net finance costs	**7,786**	7,847	61	**31,880**	31,966	86
(Gains) losses on derivative financial instruments	**(6,620)**	15,008	21,628	**(16,658)**	15,798	32,456
Foreign exchange (gains) losses on long-term debt and working capital	**(3,253)**	1,681	4,934	**(4,453)**	9,061	13,514
Other (income) expense	**(113)**	102	215	**(3,014)**	(3,737)	(723)
Research and development	**321**	331	10	**713**	1,724	1,011
	12,141	37,644	25,503	**65,721**	108,803	43,082
Earnings (loss) before income taxes	**19,205**	(11,177)	30,382	**56,532**	(1,966)	58,498
Income tax expense (recovery)	**139**	(621)	(760)	**3,689**	1,740	(1,949)
Earnings (loss)	**$ 19,066**	$ (10,556)	$ 29,622	**$ 52,843**	$ (3,706)	$ 56,549
Earnings (loss) attributable to:						
Non-controlling interest	**$ 1,467**	$ 1,784	$ (317)	**$ 11,151**	$ 12,498	$ (1,347)
Shareholders of Clearwater	**17,599**	(12,340)	29,939	**41,692**	(16,204)	57,896
	$ 19,066	$ (10,556)	$ 29,622	**$ 52,843**	$ (3,706)	$ 56,549
Adjusted EBITDA attributed to:						
Non-controlling interest	**$ 2,838**	$ 2,368	$ 470	**$ 15,657**	$ 16,216	$ (559)
Shareholders of Clearwater	**27,293**	21,722	5,571	**99,245**	88,175	11,070
Adjusted EBITDA[1]	**$ 30,131**	$ 24,090	$ 6,041	**$ 114,902**	$ 104,391	$ 10,511

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

Sales by species

In 000's of Canadian	13 weeks ended December 31 2019	December 31 2018	Change	Year ended December 31 2019	December 31 2018	Change
Scallops	**$ 50,460**	$ 43,410	$ 7,050	**$ 174,240**	$ 171,373	$ 2,867
Clams	42,309	37,349	4,960	128,723	120,235	8,488
Lobster	22,432	22,208	224	89,573	88,387	1,186
Coldwater shrimp	16,004	14,039	1,965	67,411	70,951	(3,540)
Crab	15,074	23,665	(8,591)	52,304	51,656	648
Langoustine	15,080	14,061	1,019	49,886	42,026	7,860
Whelk	2,528	1,737	791	25,249	24,291	958
Groundfish and other species	3,198	3,338	(140)	28,858	23,327	5,531
	$ 167,085	$ 159,807	$ 7,278	**$ 616,244**	$ 592,246	$ 23,998

Sales by region

In 000's of Canadian	13 weeks ended December 31 2019	December 31 2018	Change	Year ended December 31 2019	December 31 2018	Change
Europe	**$ 73,245**	$ 63,747	$ 9,498	**$ 217,702**	$ 205,653	$ 12,049
China	**46,863**	44,223	2,640	**154,875**	130,402	24,473
Japan	**13,378**	16,265	(2,887)	**59,832**	73,325	(13,493)
Other Asia	**5,410**	4,494	916	**38,112**	33,014	5,098
Asia	**65,651**	64,982	669	**252,819**	236,741	16,078
United States	**19,195**	19,251	(56)	**74,778**	85,871	(11,093)
Canada	**8,993**	11,825	(2,832)	**70,927**	63,892	7,035
North America	**28,188**	31,076	(2,888)	**145,705**	149,763	(4,058)
Other	**1**	2	(1)	**18**	89	(71)
	$ 167,085	$ 159,807	$ 7,278	**$ 616,244**	$ 592,246	$ 23,998

Clearwater reported sales for the fourth quarter of 2019 of $167.1 million and $159.8 million in 2018. Annual sales were $616.2 million and $592.2 million in 2018.

Strong harvest conditions, landings and higher available supply in clam, scallops, crab and langoustines were partially offset by competitive market conditions for certain scallop sizes. Sales benefited from the introduction of sea cucumber in 2019, while frozen-at-sea ("FAS") shrimp was impacted by timing of landings and unfavourable sales mix.

Average foreign exchange rates realized on sales for the fourth quarter and full year 2019 had a net negative impact to sales of $2.3 million and $1.3 million, respectively, as compared to the same periods in the prior year.

Scallops

- Strong harvesting conditions and strong demand for premium scallops resulted in higher sales in fourth quarter and full year 2019.
- Market conditions improved in the fourth quarter of 2019, especially for smaller sized scallops, resulting in increased volumes. Competitive market conditions remained in 2019, primarily associated with higher US and Peruvian scallops supply.

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

Clams

- Favourable mix and harvest conditions increased sales and volumes in fourth quarter and full year 2019. Net foreign exchange positively impacted annual sales as compared to the prior year.
- Clearwater continues to drive volume, revenue and profitability through expanded customer and channel penetration and geographic distribution.

Lobster

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

Coldwater shrimp

- Sales increased in the fourth quarter and decreased full year 2019 as unfavourable sales mix and competitive market conditions were partially offset by timing of landings in the fourth quarter.
- An increase in global supply impacted pricing for certain sizes and formats in 2019 as compared to 2018.

Crab

- Full year sales increased slightly over the prior year while timing of sales resulted in lower sales volume in the fourth quarter of 2019.
- Strong global access to supply was offset by high customer inventories in key markets.

Langoustine

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

Whelk

- Sales increased modestly in fourth quarter and full year 2019 as compared to the same periods in 2018 due to higher available supply.

Groundfish and other

- Sales decreased in the fourth quarter as compared to the same period of 2018 due to timing of landings of turbot, partially offset by the introduction of sea cucumber in 2019. Annual sales also benefited from the introduction of sea cucumber.

Europe

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

Sales for fourth quarter and full year 2019 increased $9.5 million and $12.0 million respectively, as compared to the same periods in 2018.

Increase in both periods was the result of higher available supply and favourable sales mix for scallops with the fourth quarter benefiting from price stabilization as compared to 2018. Higher available supply for langoustine was partially offset by competitive market conditions for frozen-at-sea ("FAS") shrimp.

The Euro, GBP and DKK weakened against the Canadian dollar in the fourth quarter and full year 2019 resulting in a net negative impact of $2.2 million and $6.8 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 fourth quarter and full year 2019 increased $2.6 million and $24.5 million, respectively, as compared to the same periods of 2018.

Demand increased in China across multiple species in 2019. Higher clam sales with favourable product mix weighted towards higher sales prices, higher available supply of langoustines and introduction of sea cucumber contributed to increased sales, partially offset by the availability of certain crab offerings.

Sales in China are almost exclusively transacted in US dollars. Fourth quarter and full year sales for 2019 were negatively impacted by $0.3 million and positively impacted by $2.5 million, respectively, as compared to the same periods of the prior year.

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

Sales for fourth quarter and full year 2019 decreased $2.9 million and $13.5 million, respectively, as compared to the same periods in 2018.

Decrease in sales in 2019 was largely due to a regional shift of clam sales into other Asian markets, partially offset by favorable mix and pricing for lobster.

Sales in Japan are typically transacted in yen. The yen continued to strengthen in fourth quarter and full year 2019 as compared to the prior year resulting in a net positive impact of $0.3 million and $1.3 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 fourth quarter and full year 2019 increased $0.9 million and $5.1 million, respectively, as compared to the same periods in 2018 primarily as a result of growth in sales for turbot and FAS shrimp and whelk.

United States
Primary species are scallops, lobster and clams.

Sales remained flat for fourth quarter 2019 and decrease $11.1 million for the full year as compared to the same periods in 2018.

Decrease in sales is largely a result of sales shifting to markets with increasing consumer demand for the same product offerings.

Sales for fourth quarter and full year 2019 were negatively impacted $0.1 million and positively impact by $1.3 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 fourth quarter of 2019 decreased $2.8 million and increased $7.0 million for full year 2019, as compared to the same periods in 2018.

Fourth quarter was impacted by the timing of landings for snow crab while year-to-date results benefited from strong landings in 2019. Strong harvesting conditions for scallops contributed to increased sales for full year 2019.

1 – Refer to discussion on risks and uncertainties

Average foreign exchange rates realized on sales

For fourth quarter of 2019, unfavourable foreign exchange rates for Euro, USD, DKK and GBP were partially offset by favourable foreign exchange rates for JPY as compared to the same period of 2018, negatively impacting sales by $2.3 million.

Year-to-date 2019, unfavourable foreign exchange rates for Euro, GBP and DKK were partially offset by favourable foreign exchange rates for USD and JPY, as compared to the same period of 2018, negatively impacting sales by $1.3 million.

				13 weeks ended				Year ended
		December 31 2019		December 31 2018		**December 31 2019**		December 31 2018
Currency	**% sales**	**Average rate realized [1]**	% sales	Average rate realized[1]	**% sales**	**Average rate realized[1]**	% sales	Average rate realized[1]
US dollars	**42.2%**	**1.318**	44.2%	1.326	**46.7%**	**1.326**	44.8%	1.303
Euros	**33.8%**	**1.456**	30.7%	1.508	**25.2%**	**1.476**	24.9%	1.525
Canadian dollar and other	**8.5%**		8.3%		**10.0%**		9.1%	
UK pounds	**7.4%**	**1.695**	7.3%	1.698	**9.1%**	**1.688**	8.8%	1.732
Japanese yen	**6.1%**	**0.012**	7.8%	0.012	**6.1%**	**0.012**	8.6%	0.012
Danish kroner	**2.0%**	**0.196**	1.7%	0.203	**2.9%**	**0.199**	3.8%	0.207
	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 fourth quarter and year-to-date 2019 by $2.4 million and $8.6 million respectively, as compared to the same period of 2018 primarily due to increased sales volumes across multiple species, including procured, partially offset by strong harvest conditions and landings. As a percentage of sales, cost of goods sold decreased 2 percent as compared to full year 2018.

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 fourth quarter and full year 2019 increased $4.9 million and $15.4 million, respectively, as compared to the same periods of 2018. Gross margin as a percentage of sales expanded to 19.8% in 2019 compared to 18.0% in the prior year.

Gross margin increased due to strong harvest conditions in clam and scallops and favourable mix for scallops. This was partially offset by competitive market conditions for shrimp impacting pricing for certain sizes and formats in 2019. Overall access to supply and customer demand in 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 $2.3 million in the fourth quarter and $1.3 million full year 2019, as compared to the same periods of 2018.

Operating expenses

In 000's of Canadian dollars	13 weeks ended December 31 2019	December 31 2018	Change	Year ended December 31 2019	December 31 2018	Change
Salaries and benefits	$ **10,329**	$ 10,493	$ 164	$ **41,836**	$ 41,308	$ (528)
Share-based compensation	**(494)**	495	989	**1,230**	1,289	59
Employee compensation	**9,835**	10,988	1,153	**43,066**	42,597	(469)
Consulting and professional fees	**3,295**	3,189	(106)	**12,872**	12,827	(45)
Other[1]	**3,996**	2,029	(1,967)	**13,685**	11,524	(2,161)
Allocation to cost of goods sold[2]	**(3,106)**	(3,531)	(425)	**(12,370)**	(13,439)	(1,069)
Administrative and selling	$ **14,020**	$ 12,675	$ (1,345)	$ **57,253**	$ 53,509	$ (3,744)
Restructuring costs	**-**	-	-	**-**	482	482
Operating expenses	$ **14,020**	$ 12,675	$ (1,345)	$ **57,253**	$ 53,991	$ (3,262)

[1] Other includes, but is not limited to, selling costs, travel and occupancy, gains and losses on assets, depreciation on corporate assets 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 $1.3 million and $3.3million for the fourth quarter and full year 2019 as compared to the same periods of 2018. Full year 2019 increase was primarily due to net loss on sale or write-down of assets in 2019 as compared to a net gain in 2018.

Net finance costs

In 000's of Canadian dollars	13 weeks ended December 31 2019	December 31 2018	Change	Year ended December 31 2019	December 31 2018	Change
Interest and bank charges	$ **7,132**	$ 7,061	$ (71)	$ **28,982**	$ 28,551	$ (431)
Amortization of deferred financing charges	**443**	435	(8)	**1,769**	1,695	(74)
	7,575	7,496	(79)	**30,751**	**30,246**	(505)
Accretion on deferred consideration	**211**	351	140	**1,129**	1,720	591
	211	351	140	**1,129**	1,720	591
	$ **7,786**	$ 7,847	$ 61	$ **31,880**	$ 31,966	$ 86

Net finance costs remained consistent for the fourth quarter and full year 2019 as compared to the same periods in 2018. The decrease in 2019 interest and bank charges of $0.4 million is due to lower average revolving debt balances, partially offset by the USD strengthening against the CDN dollar.

(Gains) losses on derivative financial instruments

In 000's of Canadian dollars		13 weeks ended December 31 **2019**		December 31 2018		Change		Year ended December 31 **2019**		December 31 2018		Change
Realized (gain) loss												
Forward foreign exchange contracts	**$**	**(300)**	$	1,565	$	1,865	**$**	**39**	$	1,321	$	1,282
Changes in unrealized gains & losses												
Forward foreign exchange contracts		**(6,320)**		13,443		19,763		**(16,697)**		14,477		31,174
	$	**(6,620)**	$	15,008	$	21,628	**$**	**(16,658)**	$	15,798	$	32,456

Clearwater is primarily an export company with more than 90% of our sales denominated 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 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 gains and losses on forward foreign exchange contracts are dependent on the average contracted rates relative to the foreign exchange rate on the settlement date.

Unrealized gains and losses on forward foreign exchange contracts are dependent on the average contracted rates as compared to forward rates based on maturity. Refer to *Foreign Exchange Management* for information regarding Clearwater economic hedging program.

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

In 000's of Canadian dollars		13 weeks ended December 31 **2019**		December 31 2018		Change		Year ended December 31 **2019**		December 31 2018		Change
Realized (gain) loss												
Long-term debt and working capital	**$**	**(538)**	$	(660)	$	(122)	**$**	**1,782**	$	(5,514)	$	(7,296)
Changes in unrealized gains												
Long-term debt and working capital		**(6,748)**		15,381		22,129		**(13,184)**		30,798		43,982
Forward exchange contracts related to long-term debt		**4,033**		(13,040)		(17,073)		**6,949**		(16,223)		(23,172)
		(2,715)		2,341		5,056		**(6,235)**		14,575		20,810
	$	**(3,253)**	$	1,681	$	4,934	**$**	**(4,453)**	$	9,061	$	13,514

Realized foreign exchange gains on long-term debt and working capital decreased $0.1 million in the fourth quarter and $ $7.3 million year-to-date 2019, respectively as compared to the same periods of 2018. Foreign exchange rates for GBP. USD and EUR weakened relative to the Canadian dollar year-to-date 2019, resulting in unfavourable working capital settlements.

Changes in unrealized foreign exchange gains and losses on long-term debt and working capital increased $22.1 million and $44.0 million for the fourth quarter and year-to-date 2019, respectively, 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			Year ended		
In 000's of Canadian dollars	**December 31 2019**	December 31 2018	Change	**December 31 2019**	December 31 2018	Change
Share of earnings of equity-accounted investee	**$ 585**	$ (178)	$ 763	**$ (2,922)**	$ (2,923)	$ 1
Fair value adjustment on earn-out liability	**80**	91	(11)	**188**	(623)	811
Other (income) fees	**(778)**	189	(967)	**(280)**	(191)	(89)
	$ (113)	$ 102	(215)	**$ (3,014)**	$ (3,737)	$ 723

Other income increased in the fourth quarter by $0.2 million and decreased year-to-date 2019 by $0.7 million, 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 and the number of initiatives shifting into deployment phase.

Income taxes

Income taxes primarily relate to taxable subsidiaries in Argentina, the United States, the United Kingdom and Canada. Clearwater's consolidated effective tax rate is impacted by non-controlling interests in partnerships in which the income is taxed in the hands of the non-controlling interest partners.

Income tax expense increased $0.8 million in the fourth quarter and $1.9 million year-to-date 2019 as compared to the same periods in 2018.

Current tax expense decreased $1.5 million in the fourth quarter and $3.7 million full year 2019 primarily due to income in foreign tax jurisdictions and related foreign exchange impacts.

Deferred tax expense increased $2.2 million and $5.6 million in fourth 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 increased $30.0 million and $58.0 million in fourth quarter and full year date 2019 respectively, as compared to the same periods in 2018. Increase is largely due to higher gross margin of $4.9 million and $15.4 million for fourth quarter and full year 2019 respectively, and higher changes in unrealized gains on derivative financial instruments of $19.8 million and $31.2 million reflecting changes in forward foreign change contracts, relative to the forward rate.

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 fourth quarter and full year 2019 of $0.3 million and $1.3 million respectively was primarily due to competitive market conditions for FAS shrimp and certain sizes of scallops.

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 as the income is taxed in the hands of the non-controlling interest partners.

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 $4.9 million in the fourth quarter and full year 2019, 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 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 December 31, 2019 and December 31, 2018:

In 000's of Canadian dollars		2019		2018
Equity				
Share capital	**$**	**216,986**	$	215,506
Contributed surplus		**4,164**		4,218
Deficit		**(10,155)**		(38,848)
Accumulated other comprehensive income (loss)		**(40,213)**		(36,053)
		170,782		144,823
Non-controlling interest		**16,668**		18,397
Total Equity		**187,450**		163,220
Long-term debt				
Senior debt, non-amortizing				
USD senior unsecured notes, due 2025[1]		**319,059**		333,955
Revolving debt, due in 2022[2]		**66,183**		58,019
Term loan, due in 2019		**-**		13,637
Term loan, due in 2091		**3,500**		3,500
		388,742		409,111
Senior debt, amortizing				
Term Loan B, due 2022[3]		**33,879**		34,177
Other loans		**57**		112
		33,936		34,289
Lease liabilities[4]		**6,680**		-
Deferred obligation[5]		**8,471**		16,504
Earnout liability[5]		**2,431**		3,513
Total long-term debt		**440,260**		463,417
Total capital	**$**	**627,710**	$	626,637

1. USD senior unsecured notes with a US dollar coupon rate of 6.875% are net of unamortized deferred financing charges of $5.6 million.

2. The revolving debt is net of unamortized deferred financing charges of $1.5 million. As of December 31, 2019, subject to financial covenants, Clearwater may borrow up to an additional CDN $126 million on the undrawn facility.

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

4. Lease liabilities were recognized upon adoption of IFRS 16, effective January 1, 2019 and represents the present value of remaining lease payments discounted using the Company's weighted average incremental borrowing rate.

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

Equity

In 2019, Clearwater issued 69,426 common shares under its share-based compensation plans.

Clearwater reserved 2.5 million common shares (December 31, 2019 - 2.4 million remaining) for issuance under the share-based compensation plans and 3.0 million (December 31, 2019 - 1.9 million remaining) under the dividend reinvestment plan.

There are 65,128,253 shares outstanding as of December 31, 2019 (December 31, 2018 - 64,841,993).

Long-term debt

As at December 31, 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 1.2826 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") or LIBOR 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 $6.7 million have been recognized equal to the present value of remaining lease payments discounted at the incremental borrowing rate. 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 December 31, 2019 is £5.2 million (CDN $9.0 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 2019 resulting in payments of £5.2 million each year.

- 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 December 31, 2019 is £1.5 million (CDN - $2.4 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.

On February 14, 2020, Clearwater amended the revolving credit facility agreement to extend the maturity date from May 2020 to November 2024.

Excluding deferred consideration and the related earnout liability, Clearwater has effectively fixed the interest rate on 75% percent of its debt as at December 31, 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 December 31, 2019, Clearwater had $32.4 million in cash, and $126.0 million available to draw down on its revolving facility.

In 000's of Canadian dollars

As at December 31		**2019**		2018		2017
Cash	$	**32,368**	$	35,887	$	35,514
Availability on revolving credit facility		**125,998**		90,254		55,806
Sources of liquidity		**158,366**		126,141		91,320

Leverage[1]

Leverage as at December 31, 2019 was 4.1x compared to 4.7x as at December 31, 2018. Leverage improved as adjusted EBITDA attributable to shareholders increased following strong harvesting conditions and favourable sales mix across multiple species, partially offset by competitive market conditions for shrimp. Overall, net debt remained consistent as adjusted EBITDA growth was partially offset by higher receivables due to timing of sales and planned increase in capital expenditures.

In 000's of Canadian dollars As at December 31	**2019**	2018	2017
Adjusted EBITDA[1] attributable to shareholders	$ **99,245**	$ 88,175	$ 89,156
Net Debt[2,3,4] (excluding non-controlling interest)	**411,360**	418,455	446,771
Leverage	**4.1x**	4.7x	5.0x

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

[2] *Debt as at December 31, 2017 through December 31, 2019 has been adjusted to include USD $200 million forward foreign exchange contracts at an average contracted rate of 1.2844.*

[3] *Debt is net of unamortized deferred financing charges of $7.2 million (December 31, 2018 - $9.2 million; December 31, 2017 - $10.0 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 December 31, 2019, Clearwater had forward exchange contracts outstanding:

Currency	Forecasted transaction	Notional (millions)	Average rate
USD to CDN	Sales	116.7	1.3221
Yen to CDN	Sales	3,798.1	0.0125
Euro to CDN	Sales	31.9	1.5286
Euro to GBP	Sales	28.0	0.8887
CDN to USD	Debt	234.4	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 December 31 **2019**	2018	Year Ended December 31 **2019**	2018	2017
Cash from (used in) operating activities	**$ 64,322**	$ 45,836	**$ 63,731**	$ 76,487	$ 58,141
Cash from (used in) financing activities	**(30,238)**	(32,705)	**(43,235)**	(60,617)	22,665
Cash from (used in) investing activities	**(11,406)**	(4,360)	**(23,041)**	(16,701)	(85,516)
Free cash flow[1,2]	**$ 42,564**	$ 32,651	**$ 17,419**	$ 45,206	$ (8,428)
Supplemental cash flow information					
Decrease (increase) in inventory	**42,033**	33,283	**(2,837)**	4,064	12,615
(Decrease) increase in accounts payable	**(12,265)**	(8,949)	**(124)**	(8,252)	9,369
Decrease (increase) in accounts receivable	**9,660**	7,067	**(7,119)**	18,574	(22,043)
Decrease (increase) in prepaids	**1,989**	(2,179)	**2,884**	(3,108)	188
(Decrease) increase in income tax payable	**(1,183)**	(7)	**(2,422)**	(5,536)	2,928
Changes in working capital[3]	**$ 40,234**	$ 29,215	**$ (9,618)**	$ 5,742	$ 3,057
Purchase of property, plant and equipment	**(11,155)**	(2,638)	**(27,976)**	(19,124)	(85,431)
Cash dividends paid on common shares[4]	$ **(3,151)**	$ (1,849)	$ **(11,904)**	$ (8,299)	$ (12,787)

[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 $18.5 million in the fourth quarter of 2019 as compared to the same period of 2018 primarily due to EBITDA growth and reduction in inventory costs.

For the year, cash from operations decreased $12.8 million compared to a record high in 2018 as EBITDA growth was offset by an increase in receivables due to the timing of sales, and unfavourable foreign exchange realized on working capital.

Cash flow from Financing Activities

Cash used in financing activities decreased $2.5 million in the fourth quarter and $17.4 million for full year 2019, respectively, as compared to the same periods of 2018. For full year 2019, drawings on the revolving credit facility, net of repayments of long-term debt, increased $23.9 million primarily due to Adjusted EBITDA growth, offset by timing of working capital and higher capital expenditures. Distributions to non-controlling interests in 2019 were $2.1 million higher compared to 2018.

Cash Flow from Investing Activities

Cash used in investing activities increased $7.0 million in the fourth quarter and $6.3 million full year 2019 respectively, as compared to the same periods in 2018. Increased capital expenditures in both the fourth quarter and year-to-date were offset by proceeds from the sale of assets in 2019.

Free Cash Flow[1]

Free cash flow for fourth quarter increased $10.0 million and decreased $27.8 million full year 2019 as compared to the same periods of 2018. The increase in the fourth quarter was due higher cash earnings and reduction in inventory costs, partially offset by higher capital expenditures. Investment in working capital, including an increase in receivables related to the timing of sales, contributed to the decrease in free cash flow for the year.

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 invested $28.0 million (2018 - $19.1 million) in capital projects relating to vessel refits and land-based supply chain infrastructure.

Dividends

On March 3, 2020 the Board of Directors approved and declared a dividend of $0.05 per share payable on April 1, 2020 to shareholders of record as of March 18, 2020.

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.

Commitments

In the normal course of business, Clearwater is obligated to make future payments, including contractual obligations for non-derivative and derivative financial instruments, quotas and other commitments. The table includes undiscounted cash flows of financial liabilities, quotas and other commitments, interest and principal cash flows based on the earliest date on which Clearwater is required to pay.

December 31, 2019	Carrying Amount	Total Contractual Cash Flow	2020	2021	2022	2023	2024	>2025
Interest - long-term debt		$ 148,730	$ 26,696	$ 26,680	$ 23,954	$ 22,600	$ 22,600	$ 26,200
Principal repayments - long-term debt	$ 433,580	433,580	10,144	1,514	99,363	-	-	322,559
Interest - lease liabilities		521	183	117	86	62	41	32
Principal repayments - lease liabilities	6,680	6,680	1,367	1,235	1,065	838	800	1,375
Total long-term debt	440,260	589,511	38,390	29,546	124,468	23,500	23,441	350,166
Trade and other payables	71,390	71,390	71,390	-	-	-	-	-
Quota and other	-	5,789	4,090	1,009	593	97	-	-
Capital and maintenance projects	-	1,412	1,412	-	-	-	-	-
Derivative financial instruments - liabilities	1,258	1,258	178	108	972	-	-	-
	$ 512,908	$ 669,360	$ 115,460	$ 30,663	$ 126,033	$ 23,597	$ 23,441	$ 350,166

Included in the above commitments for "quotas and other" are amounts to which Clearwater is committed directly - and indirectly through its partnerships - for various licences and quotas and vessel and equipment commitments. Lease liabilities includes agreements for office, machinery and vehicle leases. These commitments require minimum annual payments in each of the next five years as shown above.

OUTLOOK

In 2020, Clearwater will continue to leverage our broad portfolio of species, global market reach and strong customer base to drive profitable growth while expanding our sales distribution into new markets and channels. At the same time, innovation in the application of artificial intelligence, machine learning and robotics will help us increase productivity, reduce cost and generate higher margins from our vertically integrated global supply chain.

We will maintain our focus and discipline on improving our key financial performance indicators and executing our strategic priorities. Further reductions in debt and leverage will come from strong cashflow from operations and working capital reductions as we strengthen our balance sheet and set the foundation for future organic growth and acquisitions.

Importantly, Clearwater has, with our First Nations partners, maintained access to the full Arctic Surf Clam quota for 2020. The Landmark agreement signed with our Indigenous partners in 2019 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.

Trade, economic and geo-political uncertainty as well as the more recent impact of the COVID-19 outbreak, will continue to create industry headwinds in 2020. In response, Clearwater has taken, and will continue to pursue timely and carefully considered measures including adjustments to harvest schedules, species portfolio and product mix, pricing, regional and channel distribution, capital allocation, innovation priorities, cost savings 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 long-term returns to shareholders.

The fundamental and powerful undercurrents of a growing worldwide population, shifting consumer tastes towards healthier diets, and the rising purchasing power of middle-class consumers in emerging economies will continue to drive increasing global demand for wild caught seafood. In contrast, the supply of wild seafood is limited and is expected to continue to lag behind 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 caught, sustainably harvested seafood.

As a vertically integrated seafood company, Clearwater is well positioned to take advantage of this opportunity with its proprietary licences, advanced and year-round harvesting and delivery capabilities, premium product quality, diversity of species and global sales footprint.

Sustainability, as always, will remain at the forefront of our business as we strive to reduce waste and lower our environmental footprint while making a difference in the workplace, marketplace and in our local communities. When you invest in Clearwater, you are investing in one of the most innovative, global and sustainable seafood companies in the world.

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.

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.

Foreign exchange risk

Clearwater's financial results are subject to volatility as a result of foreign exchange rate fluctuations.

The majority of Clearwater's sales are to locations outside Canada and are transacted in currencies other than the Canadian dollar whereas the majority of its expenses are in Canadian dollars. As a result, fluctuations in the foreign exchange rates of these currencies can have a material impact on the financial condition and operating results. In addition, Clearwater has subsidiaries which operate in the offshore scallop fishery in Argentina and in the UK which exposes Clearwater to changes in the value of the Argentine Peso, USD and GBP.

Risks associated with foreign exchange are partially mitigated by the following strategies:

(1) Diversify sales internationally which reduces the impact of any country-specific economic risks.
(2) Execute on pricing strategies so as to offset the impact of exchange rates.
(3) Limit the amount of long-term sales contracts – Clearwater has very few long-term sales contracts with any customers. Contracts are typically less than 6 months and are based on list prices that provide a margin for exchange rate fluctuations.
(4) Plan conservatively - Clearwater regularly reviews economist estimates of future exchange rates and uses conservative estimates when managing its business, and
(5) Foreign exchange hedging program – a portfolio of forward contracts enables Clearwater to lock in exchange rates for up to 24 months for key sales currencies (the US dollar, Euro, and Yen) thereby lowering the potential volatility in cash flows through derivative contracts.

In 2019 approximately 47% of Clearwater's sales and 75% of long-term debt were denominated in US dollars.

Based on 2019 sales and excluding the impact of its hedging program,

- a change of 0.01 in the US dollar rate converted to Canadian dollars would result in a $2.2 million change in sales;
- a change of 0.01 in the GBP rate converted to Canadian dollars would result in a $0.3 million change in sales;
- a change of 0.01 in the Euro rate as converted to Canadian dollars would result in a $1.0 million change in sales; and
- a change of 0.0005 in the Yen rate as converted to Canadian dollars would result in a $1.5 million change in sales.

Political risk

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

These risks include fluctuations in foreign exchange rates, expropriation of our assets, nationalization, renegotiation, forced divestiture, modification or nullification of our contracts and changes in foreign laws or other regulatory policies of foreign or domestic governments and having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce the judgment of a foreign court or arbitration panel against a sovereign nation within its own territory. Specific risks by country are described below.

Canada

Clearwater was a pioneer in the development of the clam fishery, which began in 1986. Clearwater purchased its licences and quota with the consent of the DFO and has invested hundreds of millions of dollars to develop the fishery and the market, including $156 million from 2015 through 2017.

On September 6, 2017, the DFO announced the introduction of a fourth Arctic Surf Clam licence representing 25 percent of the existing TAC to be awarded to a new entrant. The announcement of the introduction of a fourth Arctic Surf Clam licence represented a departure from historical Canadian policy.

In 2018, the DFO canceled the process to issue the fourth licence. Clearwater was issued the remaining 25 percent of the clam quota for 2018, 2019 and 2020.

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. The partners have committed to work together to submit an Expression of Interest in any future DFO process.

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 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.

Argentina

Our operations in Argentina may be negatively affected by foreign exchange and restrictions on the repatriation of dividends as well as the increased cost and risks of doing business in developing markets. As part of our risk mitigation strategy, Clearwater has structured our operations in Argentina with an Argentine partner who owns 14% and is active in managing the business.

In September 2019, the Central Bank of Argentina implemented new foreign exchange regulations requiring government permission to transfer money overseas, sell Argentina Peso or buy foreign currency. 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 January 31, 2020, the UK left the EU, signalling the beginning of an 11-month transition period during which the UK and EU relations operate as if the UK remained a member, complying with EU legislation and trade conditions.

During the transition period, the UK and the EU will negotiate their future relationship. The UK's stated objective is to agree to a Free Trade Agreement with the EU by the end of 2020. With UK legislation in place to prevent an extension of the transition period and an aggressive timeline for a comprehensive trade deal, there remains uncertainty around the nature of the UK-EU relationship beyond 2020.

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.

United States
NAFTA was a comprehensive trade agreement that set the rules of trade and investment between Canada, the United States, and Mexico. The agreement entered into force on January 1, 1994 and systematically eliminated most tariff and non-tariff barriers to free trade and investment between the three NAFTA countries.

On September 30, 2018, NAFTA was replaced with a new tentative agreement named the United States-Mexico-Canada Agreement ("USMCA") which must be ratified by the member countries before coming into effect. The Agreement has now been ratified by the US and Mexico, and Canada is expected to ratify early in 2020. Clearwater is not expected to be impacted by the changes under the USMCA. Approximately 12.1% of total sales for 2019 were in the United States.

Management will continue to review, assess and monitor for any changes to USMCA that could significantly impact Clearwater until the agreement is ratified.

Asia Pacific
On March 8, 2018 the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") was signed. The CPTPP has created an eleven-country trading block including Canada, and representing 495 million people, with a combined gross domestic product of $13.5 trillion or 13.5% of global GDP.

Resource supply risk
A material change in the population and biomass of seafood stocks in the fisheries in which we operate would materially and adversely affect our business.

Clearwater's business is dependent on the state of the targeted seafood stocks, with limitations on catch levels determined by annual TAC, effort restrictions and other technical measures. The annual TACs are generally related to the health of the stock of the particular species as measured by a scientific survey of the resources.

The population and biomass of seafood stocks are subject to natural fluctuations some of which are beyond our control and which may be exacerbated by factors such as water temperatures, food availability, the presence of predators, disease, disruption in the food chain, reproductive problems or other biological issues. Supply and quality of supply can also be influenced by man-made factors such as oil spills and pollution. We are unable to fully predict the timing and extent of fluctuations in the population and biomass of the seafood stocks we harvest and process, and we therefore may not be able to engage in effective measures to alleviate the adverse effects of these fluctuations. In addition, the population models utilized by scientists evaluating the fisheries in which we operate are constantly evolving. Certain changes in the population models could negatively impact future biomass estimates. Any material reduction in the population and biomass or TAC of the stocks from which we source seafood would materially and adversely affect our business. Any material increase in the population and biomass or TAC could dramatically reduce the market price of any of our products.

The source of all Clearwater's supply of products comes from fisheries in Canada, the United Kingdom and Argentina. The governments of Canada, the UK and EU and Argentina set the annual TAC and/or define fishing regulations for each species by reviewing scientific studies of the resource and then consulting with key stakeholders including Clearwater and its competitors to determine acceptable catch levels. The potentially differing interests of our competitors may result in conflicting positions on issues around resource management, including the establishment of TACs and other management measures potentially limiting our ability to grow, to fully capitalize on our investments in harvesting capacity, or to achieve targeted yields from the resource, which may adversely affect our financial condition and results of operations.

Resource supply risk is managed through adherence with government policies and regulations related to fishing in Canada, Argentina and the UK and Clearwater's investment in science and technology, which enables Clearwater to understand the species that it harvests. Clearwater has invested in projects with the scientific community, such as ocean floor mapping and the resource assessment surveys to ensure access to the best available science information. Resource management plans, developed by DFO, are developed through an open and transparent process with strong input from industry participants. Clearwater engages in these processes to promote best in class, robust, and sustainable management of the resource. The Marine Stewardship Council certification of all our core species provides third party assurance that the resources that Clearwater harvests meet the leading global standard for sustainable fisheries management practice. Clearwater further mitigates the risk associated with resource supply and competition through the diversification across species.

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.

Other risks

For further disclosure of additional risk factors please refer to the Annual Information Form filed on SEDAR.

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 ("DC&P") 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.

Based on Management's evaluation, the CEO and the CFO have concluded that DC&P and ICFR were effective as of December 31, 2019.

There have been no changes to controls during the quarter ended December 31, 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)**
Net lease liability commitments		**7,497**
Discounting		**(712)**
Finance lease liabilities under IAS 17		**308**
Lease liabilities as at January 1, 2019	**$**	**7,093**

[1] Contracts reassessed upon transition includes the removal of service contracts or quota agreements and the inclusion of certain renewal options Clearwater is reasonably certain to exercise.

The lease liability represents the present value of remaining lease payments discounted using the Company's weighted average incremental borrowing rate specific to 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 net of previously existing finance leased assets at January 1, 2019, with no impact to retained earnings.

New accounting standards not yet adopted

The IASB issued the following standards that has not been applied in preparing these consolidated financial statements as their effective date falls within annual periods beginning subsequent to the current reporting period.

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Estimates and Errors

On October 31, 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These amendments clarify the definition of 'material' and aligns the definition used within the IFRS Standards. The effective date of the amendment is for annual periods beginning on or after January 1, 2020 and is to be applied prospectively.

The application of this amendment is not expected to have a material impact to Clearwater.

IFRS 3 – Business Combinations

On October 22, 2018 the IASB issued an amendment to IFRS 3 *Business Combinations* to narrow the definition of a business and introduce a screening test, which eliminates the requirement for a detailed assessment of the definition, when met. The effective date of the amendment is for annual periods beginning on or after January 1, 2020 and is to be applied prospectively.

The application of this amendment is not expected to have a material impact to Clearwater.

Related Party Transactions

Clearwater transacts in the normal course of business with related parties. The details are as follows for the year ended December 31, 2019 and 2018:
Clearwater rents office space to and provides computer support network services to CFFI Ventures Inc. ("CVI"), a related party. The net amount due from CVI in respect of these transactions was $0.1 million (December 31, 2018 – nil). Any amounts outstanding are unsecured and due on demand.

For the year ended December 31, 2019, Clearwater recorded net expense of approximately $0.2 million for providing computer support network services to and receiving goods and services from companies related to CVI (December 31, 2018 - $0.2 million). The transactions are recorded at the exchange amount and the balance due from these companies was $0.2 million as at December 31, 2019 (December 31, 2018 - $0.1 million).

SUMMARY OF QUARTERLY RESULTS

The following table provides historical data for the twelve 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	$ 167,085
Adjusted EBITDA[1]	20,033	30,250	34,490	30,131
Adjusted EBITDA attributable to shareholders[1]	16,297	26,254	29,405	27,293
Earnings (loss) attributable to shareholders	8,277	8,011	7,804	17,601
Earnings (loss) per share	0.13	0.12	0.12	0.27
Diluted earnings (loss) per share	0.13	0.12	0.12	0.27
Weighted average shares outstanding[2]	64,842,209	65,031,433	65,047,676	65,077,500
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 weeks December 31, 2019 and December 31, 2018 and year ended December 31, 2019, December 31, 2018 and December 31, 2017.

	13 weeks ended		**Year Ended**		
	December 31 2019	December 31 2018	**December 31 2019**	December 31 2018	December 31 2017
Earnings (loss)	$ **19,066**	$ (10,556)	$ **52,843**	$ (3,706)	$ 28,239
Add (deduct):					
Income taxes	**139**	(621)	**3,689**	1,740	7,659
Taxes and depreciation for equity investment	**(175)**	(874)	**1,456**	476	2,112
Depreciation and amortization	**13,299**	12,479	**44,622**	48,843	45,252
Interest on long-term debt and bank charges	**7,575**	7,496	**30,751**	30,246	29,759
Earnings before interest, taxes, depreciation and amortization	$ **39,904**	$ 7,924	$ **133,361**	$ 77,599	$ 113,021
Add (deduct) other items:					
Unrealized foreign exchange and derivative loss (gain)	**(9,037)**	15,786	**(22,934)**	29,052	(23,136)
Fair market value on long-term debt	**292**	442	**1,317**	1,097	(1,307)
Realized foreign exchange loss (gain) on working capital	**(538)**	(660)	**1,782**	(5,512)	3,547
Restructuring and refinancing costs	**4**	103	**146**	866	16,062
Share-based compensation (recovery) expense	**(494)**	495	**1,230**	1,289	409
Adjusted EBITDA	**$ 30,131**	**$ 24,090**	**$ 114,902**	**$ 104,391**	**$ 108,596**
Adjusted EBITDA attributed to:					
Non-controlling interests	$ **2,838**	$ 2,368	$ **15,657**	$ 16,216	19,440
Shareholders of Clearwater	**27,293**	21,722	**99,245**	88,175	89,156
	$ 30,131	**$ 24,090**	**$ 114,902**	**$ 104,391**	**$ 108,596**

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 weeks ended December 31, 2019 and December 31, 2018 and year ended December 31, 2019, December 31, 2018 and December 2017 is as follows:

		13 weeks ended		Year ended		
		December 31 2019	December 31 2018	**December 31 2019**	December 31 2018	December 31 2017
Reconciliation of net earnings to adjusted earnings						
Earnings (loss)	$	**19,066** $	(10,556) $	**52,843** $	(3,706) $	28,239
Restructuring and refinancing costs		**4**	103	**146**	866	16,059
Share-based compensation cost (recovery)		**(494)**	495	**1,231**	1,288	409
Unrealized foreign exchange and derivative (gain) loss		**(9,037)**	15,786	**(22,934)**	29,052	(23,136)
Fair value on long-term debt		**292**	442	**1,317**	1,097	(1,307)
		(9,235)	16,826	**(20,240)**	32,303	(7,975)
Adjusted earnings	**$**	**9,831 $**	**6,270 $**	**32,603 $**	**28,597 $**	**20,264**
Adjusted earnings attributable to:						
Non-controlling interests		**1,448**	1,480	**11,886**	12,766	11,574
Shareholders		**8,383**	4,790	**20,717**	15,831	8,690
	$	**9,831** $	6,270 $	**32,603** $	28,597 $	20,264
Adjusted earnings per share:						
Weighted average of shares outstanding		**65,078**	64,418	**65,001**	64,299	63,935
Adjusted earnings per share for shareholders		**0.13**	0.07	**0.32**	0.25	0.14
Reconciliation of adjusted earnings to adjusted EBITDA						
Adjusted earnings	$	**9,831** $	6,270 $	**32,603** $	28,597 $	20,264
Add (subtract)						
Income tax expense		**139**	(621)	**3,689**	1,740	7,659
Depreciation and amortization		**13,299**	12,479	**44,622**	48,843	45,252
Interest on long-term debt and bank charges		**7,575**	7,496	**30,751**	30,246	29,759
Taxes and depreciation on equity investment		**(175)**	(874)	**1,456**	476	2,112
Realized foreign exchange on working capital		**(538)**	(660)	**1,781**	(5,511)	3,550
		20,300	17,820	**82,299**	75,794	88,332
Adjusted EBITDA[1]	**$**	**30,131 $**	**24,090 $**	**114,902 $**	**104,391 $**	**108,596**

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 Leverage and Net debt for the years ended December 31, 2019, December 31, 2018 and December 31, 2017 is as follows:

In 000's of Canadian dollars

As at December 31	**2019**	2018	2017
Adjusted EBITDA[1] attributable to shareholders	$ **99,245**	$ 88,175	$ 89,156
Long-term debt[2]	**440,259**	463,418	473,173
Less: Cash	**(32,368)**	(35,887)	(35,514)
Adjust for:			
Hedging instruments[3]	**(2,847)**	(15,867)	5,574
Cash attributed to non-controlling interest	**6,316**	6,791	3,538
Net debt	$ **411,360**	$ 418,455	$ 446,771
Leverage	**4.1x**	4.7x	5.0x

1. Refer to discussion on non-IFRS measures, definitions and reconciliations
2. Debt is net of unamortized deferred financing charges of $7.2 million (December 31, 2018 - $9.2 million; December 31, 2017 - $10.0 million).
3. Debt has been adjusted to include USD $200 million forward foreign exchange contracts 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 for the 13 weeks ended December 31, 2019 and December 31, 2018 and years ended December 31, 2019, December 31, 2018 and December 31, 2017 is as follows:

	13 weeks ended December 31		Year Ended December 31		
	2019	2018	**2019**	2018	2017
Adjusted EBITDA[1]	**$ 30,131**	$ 24,090	**$ 114,902**	$ 104,391	$ 108,596
Less:					
Interest and bank charges	**(7,132)**	(7,061)	**(28,982)**	(28,551)	(28,204)
Current income tax expense	**199**	(1,260)	**(2,666)**	(6,318)	(12,376)
Other income and expense items	**890**	852	**(9,905)**	1,224	(12,932)
Operating cash flow before changes in working capital	**24,088**	16,621	**73,349**	70,746	55,084
Changes in working capital[2]	**40,234**	29,215	**(9,618)**	5,741	3,057
Cash flows from operating activities	**64,322**	45,836	**63,731**	76,487	58,141
Adjustments to selected sources (uses) of cash:					
Purchase of property, plant, equipment, quota and other assets	**(11,155)**	(2,638)	**(27,976)**	(19,124)	(85,431)
Disposal of fixed assets	**-**	-	**2,010**	-	2,408
Less: Designated borrowings[3]	**-**	-	**-**	1,106	39,206
Scheduled payments on long-term debt[4]	**(8,986)**	(8,992)	**(10,606)**	(10,650)	(11,948)
Repayment of finance leases	**(518)**	-	**(1,600)**	-	-
Payments on long-term incentive plans	**-**	-	**752**	1,084	1,618
Distribution to non-controlling interests	**(1,242)**	(1,853)	**(13,406)**	(11,353)	(19,154)
Dividends received from joint venture	**-**	-	**3,640**	3,228	3,340
Non-routine project costs	**143**	298	**874**	4,428	3,392
Free cash flows[1]	**$ 42,564**	**$** 32,651	**$ 17,419**	**$** 45,206	$ (8,428)
Reconciliation of change in cash flows for the period					
Add/(less):					
Other debt borrowings (repayments) of debt, use of cash[3]	**(16,424)**	(20,000)	**(6,355)**	(31,356)	27,792
Issuance of equity	**102**	1,381	**1,095**	4,548	-
Payments on long-term incentive plans	**-**	-	**(752)**	(1,084)	(1,618)
Other investing activities	**(249)**	(1,724)	**(715)**	(805)	(5,832)
Other financing activities	**(3,328)**	(2,383)	**(14,211)**	(16,136)	(15,914)
Change in cash flows for the period	**$ 22,665**	$ 9,925	**$ (3,519)**	$ 373	$ (4,000)

[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 years ended December 31, 2019, December 31, 2018 and December 31, 2017 is as follows:

In (000's) of Canadian dollars		**December 31 2019**		December 31 2018		December 31 2017
Adjusted EBITDA[1]	$	**114,902**	$	104,391	$ $	108,596
Depreciation and amortization		**44,622**		48,843		45,428
Adjusted earnings before interest and taxes		**70,280**		55,548		63,168
Average quarterly total assets	$	**732,551**	$	752,007	$ $	775,783
		9.6%		7.4%		8.1%

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

CORPORATE INFORMATION

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Jane Craighead, Chair of Human Resources Development and Compensation Committee
Retired Senior Vice-President, Scotiabank

Jim Dickson, Lead Independent Director
Former Counsel, Stewart McKelvey

Mickey MacDonald
President, Micco Companies

Vicki McKibbon, Chair of Corporate Governance Committee
President of Transportation, Amour Transportation Systems Inc.

Brendan Paddick
Chief Executive Officer, Columbus Capital Corporation

John Risley
Chairman and CEO, CFFI Ventures Inc.

Karl Smith, Chair of Audit Committee
Former Chief Financial Officer and Executive Vice-President, Fortis Inc.

Stan Spavold, Chair of Finance Committee
President, CFFI Ventures Inc.

EXECUTIVES

Ian Smith
Chief Executive Officer

Teresa Fortney
Vice-President, Finance and Chief Financial Officer

Christine Penney
Vice-President, Sustainability & Public Affairs

Dieter Gautschi
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