

# Investor Presentation

November 2023



# Disclaimer

Certain statements made in this presentation are forward-looking and are subject to important risks, uncertainties and assumptions concerning future conditions that may ultimately prove to be inaccurate and may differ materially from actual future events or results. Actual results or events may differ materially from those predicted. Certain material factors or assumptions were applied in drawing the conclusions as reflected in the forward-looking information. Additional information about these material factors or assumptions is contained in High Liner Foods' Management's Discussion & Analysis, available on SEDAR ([www.sedar.com](http://www.sedar.com)) and in the Investor Center section of the High Liner Foods website ([highlinerfoods.com](http://highlinerfoods.com)).

# Presentation Notes

## Presentation Currency

High Liner Foods (“the Company”) reports its earnings and financial statements in USD. The Company’s common shares trade on the TSX and are quoted in CAD and therefore references in this presentation to share price, dividends and market capitalization are in CAD.

## Non-IFRS Measures

Certain non-IFRS financial measures and ratios are used when discussing the Company’s financial performance that do not have a standardized meaning prescribed by IFRS, including “Adjusted EBITDA”, “Adjusted EBITDA as a Percentage of Net Sales”, “Adjusted Net Income”, “Adjusted Diluted Earnings Per Share”, “Net Debt” and “Net Debt to Rolling Twelve-Month Adjusted EBITDA”. Management believes these measures provide useful information to both management and investors in measuring the financial performance and condition of the Company. These measures may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. All non-IFRS measures are reconciled to IFRS measures in our MD&A.



# Company Overview & Strategy



HIGH LINER FOODS

# High Liner Foods at a Glance

- A publicly-traded Canadian company, listed on the Toronto Stock Exchange under the symbol 'HLF'
- A leading North American processor and marketer of value-added frozen seafood to the foodservice and retail channels
- Over 120 years of seafood expertise
- Our core brands across the United States and Canada give us the unique ability to serve our customers with a variety of processed and unprocessed seafood that meets their diverse needs



# Investment Thesis

## Why Seafood?

- Healthy - for both people and the environment
- Under consumed protein vs. dietary guidelines = opportunity
- Underdeveloped category
- Versatile - the original protein alternative

## Why High Liner Foods?

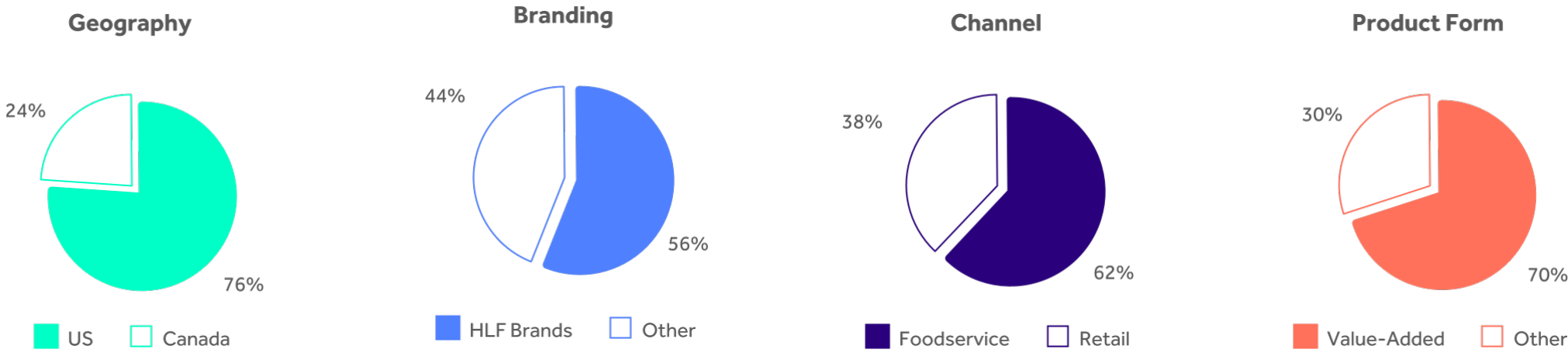
- A North American leader in value-added frozen seafood with over 120 years of seafood expertise
- Integrated North American operations supported by global seafood procurement expertise
- Diversified supply chain, product portfolio and customer base
- Broad market reach and market-leading brands
- Leader in innovation and sustainability
- Purpose driven organization to reimagine seafood to nourish life and support value creation for all stakeholders

## Why Now?

- Proven ability to deliver strong financial results and cash flow from operations despite unprecedented challenges in recent years, including continued inflationary and recessionary pressures in recent quarters, validating the strength of our business.
- Well positioned to navigate current headwinds and deliver strong Adjusted EBITDA performance which combined with improvements in working capital will allow us to generate significant cash flow from operations in 2023.
- Financial flexibility to support continued investment in our business and our brands to inspire more consumers to choose seafood which will continue to drive our branded and value-added leadership goal.



# A North American Leader in Value-Added Frozen Seafood with a Diversified Portfolio



Based on 2022 Sales lbs

- #1 frozen fish manufacturer and #1 frozen value-added seafood manufacturer in Canadian retail market<sup>(1)</sup>
- #1 prepared frozen fish manufacturer and #4 frozen value-added seafood manufacturer in U.S. retail market<sup>(2)</sup>
- #1 value-added frozen seafood in foodservice (including private label) in U.S.<sup>(3)</sup>

(1) Canadian market data per Nielsen, based on retail sales (in lbs.) of total frozen fish category for 52-week period ended December 31, 2022  
(2) U.S. market data per IRI, based on retail sales (in lbs) of total frozen seafood category for 52-week period ended January 1, 2023.  
(3) Management's estimate.



# Our Purpose - *Reimagining Seafood to Nourish Life*

- At High Liner Foods, we recognize our responsibility to support healthy oceans, planets and communities. This is the foundation of our purpose, **Reimagining Seafood to Nourish Life**, which guides every decision we make and every action we take.
- Nothing exemplifies our purpose more than our three pillars of sustainability:
  - Nourishing the health and wellness of our employees who are the backbone of our success
  - Supporting people and the communities in which we operate through volunteerism, philanthropy activities and activism
  - Regenerating Ecosystems to ensure we have the resources to provide our consumers delicious seafood for generations to come





# Sustainability

- For over 120 years we have operated as a responsible corporate citizen and in the past two decades we have deeply embedded sustainability practices into our DNA. We are committed to continuous improvement and to build on our progress to date.
- Please visit [www.highlinerfoods.com](http://www.highlinerfoods.com) for more details.

## 2022 sustainability highlights we are proud to share



### WATER USE

Reduced water intensity by 7% versus 2021



### GHG EMISSIONS

1.8% reduction in GHG emissions compared to our 2021 baseline



### EMPLOYEE SAFETY

The number of safety incidents declined 28% compared to 2018 benchmark



### RESPONSIBLE SOURCING

96% of the seafood we procured met our Responsibly Sourced criteria



### ETHICAL SOURCING

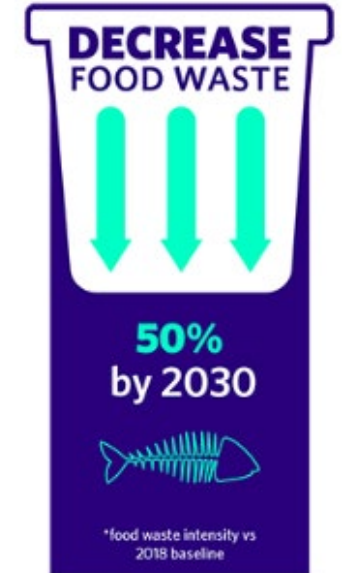
98% of raw materials were sourced from suppliers audited for adherence to High Liner Foods' Supplier Code of Conduct (SCoC)



### COMMUNITY GIVING

We donated our 10Mth meal, meeting our 10M meal Hunger Mission goal 3 years early

## Setting new public goals in order to achieve new successes and continue to nourish our communities and planet:





# Financial Review & 2023 Outlook

# Q3 2023 Performance

- In the first three quarters of the year the Company generated in excess of \$110 million in cash flow from operations.
- In Q3 2023, the Company once again delivered sales volume and grew market share in Foodservice and Canada Retail, while gross profit and EBITDA declined due to softer demand and category declines coupled with ongoing impact of higher inventory levels which led to sharper pricing and plant inefficiencies. Key highlights include:
  - **Volumes** - Increased by 0.6M lbs (1.0%) to 61.0 million lbs;
  - **Sales** - Decreased by \$11.5 million (4.2%) to \$259.7 million;
  - **Gross Profit** - Decreased by \$7.1 million (12.5%) to \$49.6 million;
  - **Adjusted EBITDA** - Decreased by \$4.8 million (19.4%) to \$20.0 million;
- The volume increase was driven by continued strong performance in our Foodservice business offsetting a decrease in our Retail business as we continue to face challenges due to prolonged impact of inflation resulting in softer demand for protein, including seafood, as consumers switch to lower cost alternatives.
- The Company improved its leverage ratio to 3.1x at the end of Q3 2023 (3.7x at the end of Fiscal 2022 due to the increased investment in seasonal working capital during Fiscal 2022 and inflation on raw materials).

# 2023 Outlook

- We remain confident in the long-term outlook for the business and its ability to navigate current macro-economic challenges. However, we anticipate that economic conditions impacting consumer spending patterns with respect to frozen seafood will continue to impact results in the short-term.
- We believe in the growth potential of our business and the category. As a market leader, we are continuing to invest and innovate despite market headwinds, and we are coupling these efforts with targeted and strategic promotions to support our customers and help us return to normalized inventory levels by the end of the year.
- The Company will continue to focus on improving working capital and generating cash flow from operations. The Company maintains its confidence in achieving the long-term leverage ratio of 3.0x.
- The Company has a strong balance sheet and is well equipped to invest in organic growth, explore opportunities for transformative growth through potential M&A activities to build shareholder value and continue to grow the dividend over time.

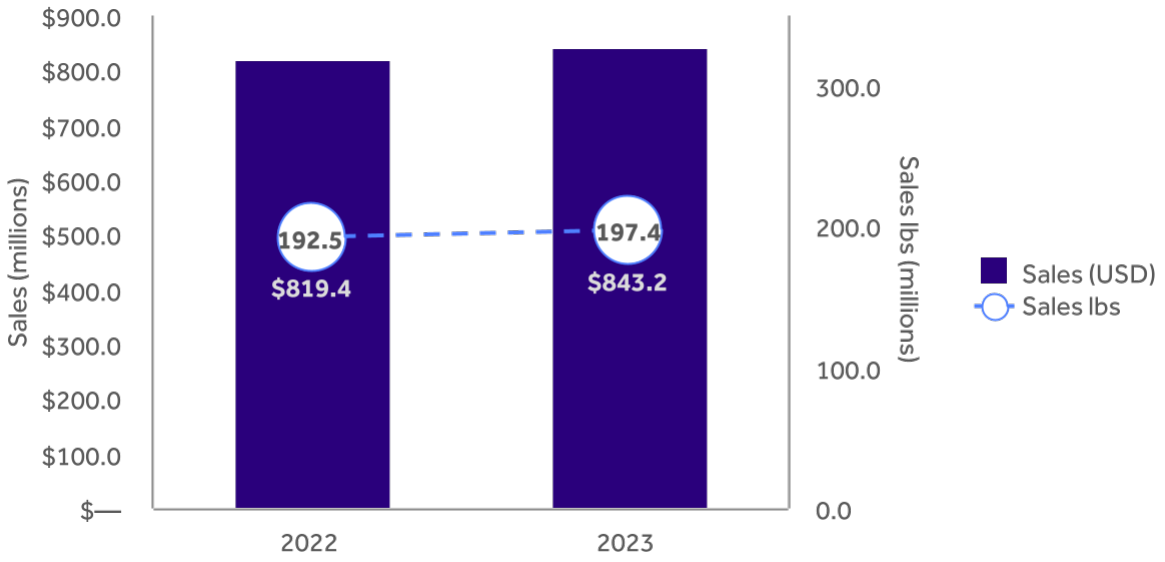
# Q3 2023 YTD Sales Volume and Net Sales

## Sales volume increased \$4.9M lbs (3%) to 197.4M lbs

- Foodservice: sales volume higher due to increased contract manufacturing business, increased sales in newer product lines, new business, and improved customer service levels. The Company achieved strong service levels during the first three quarters of 2023, as compared to the first three quarters of 2022 due to increased investment in working capital in the latter part of Fiscal 2022 to mitigate the global supply chain challenges.
- Retail: sales volume decreased primarily due to consumers becoming more price-conscious, resulting in softer demand for protein, including seafood product as consumers switch to lower cost alternatives.

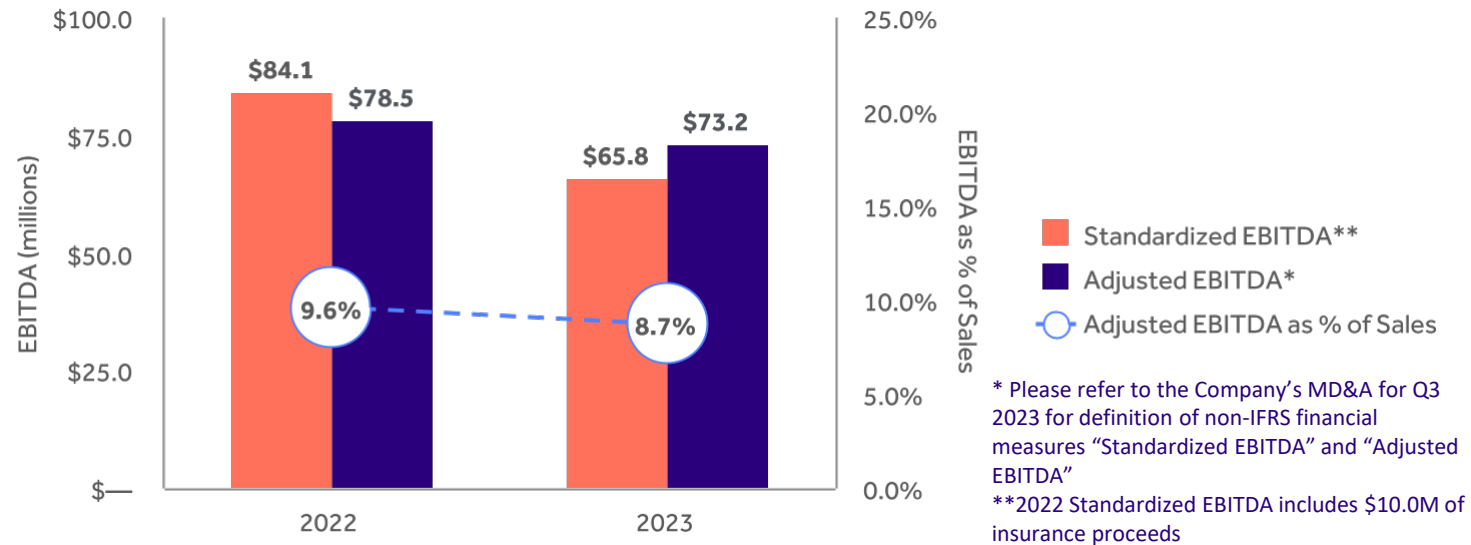
## Net sales increased \$23.8M (2.9%) to \$843.2M

- Higher sales volumes as discussed above and pricing actions implemented during Fiscal 2022 and the first quarter of 2023 to mitigate inflationary increases on input costs.
- Partially offset by changes in sales mix and the weaker Canadian dollar in the first three quarters of 2023 which decreased the value of reported USD sales from our Canadian operations in 2023 by approximately \$9.1 million relative to the conversion impact last year.



# Q3 2023 YTD Adjusted EBITDA

## Earnings before Interest, Taxes, Depreciation and Amortization

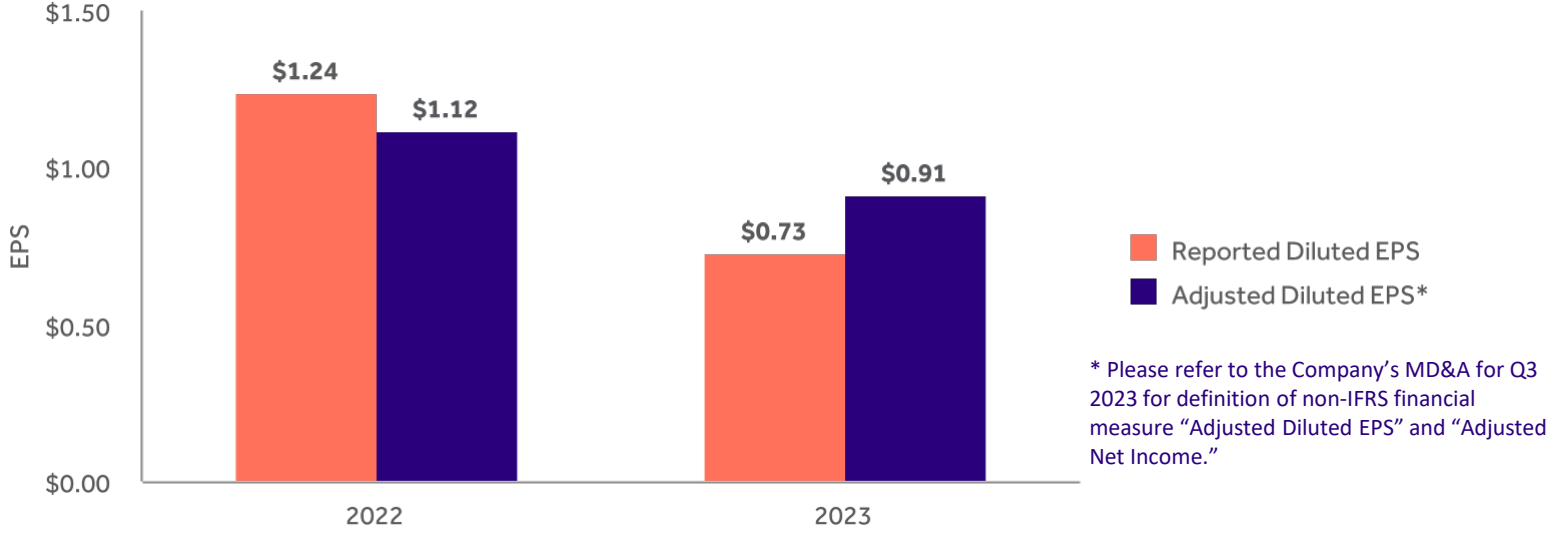


**Adjusted EBITDA decreased by \$5.3M (6.7%) to \$73.2M and decreased by 90 basis points as a percentage of sales to 8.7%.**

- The decrease in gross profit and increase in net SG&A expenses, partially offset by the decrease in distribution costs.



# Q3 2023 YTD Earnings Per Share (EPS)



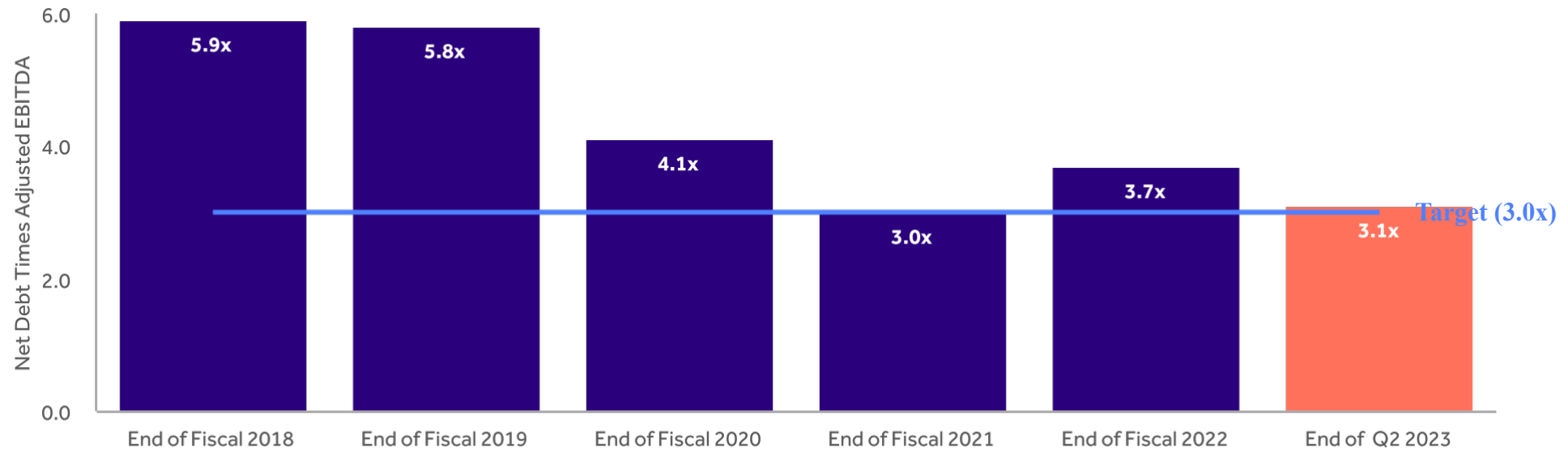
**Adjusted Diluted EPS decreased by \$0.21 (18.8%) to \$0.91**

- Adjusted Net Income decreased by \$8.0M (20.3%) to \$31.4M reflecting a decrease in income tax expense partially offset by a decrease in Adjusted EBITDA and increase in finance costs.



# Debt Leverage Ratio

Net Debt\* to Trailing 12-Month Adjusted EBITDA\*



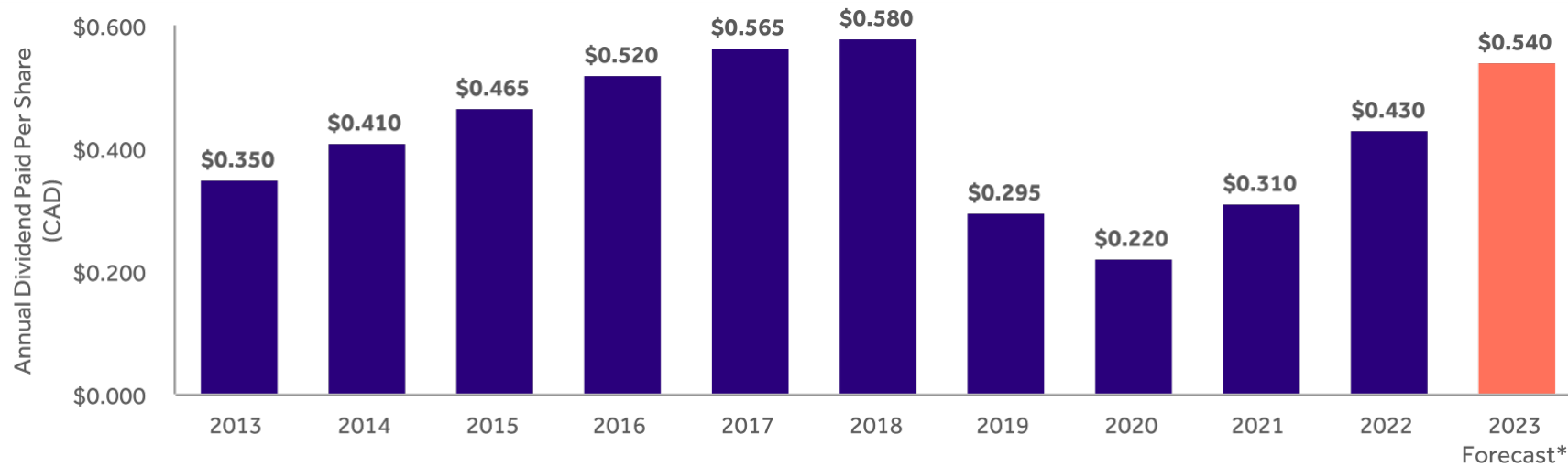
\*Please refer to the Company's MD&A for Q3 2023 for the definition of non-IFRS financial measures "Net Debt" and "Adjusted EBITDA"

- Net Debt\* to Rolling Twelve-Month Adjusted EBITDA\* was 3.3x at July 1, 2023 compared to 3.7x at the end of Fiscal 2022 and 3.0x at July 2, 2022. This ratio increased during the second half of Fiscal 2022 due to increased investment in inventory
- In the absence of any major acquisitions or unplanned capital expenditures in 2023, we expect this ratio to be in line with the Company's long-term target of 3.0x at the end of Fiscal 2023.





# Dividend History



*\* Reflects Q1/Q2/Q3/Q4 dividend of CAD\$0.13 per share*

On November 9, 2023, the Board approved a quarterly dividend increase by \$0.02 per common share to CAD\$0.15 per common share.





# Appendix #1:

Miscellaneous Company  
Information



HIGH LINER FOODS

# High Liner Foods

Canadian public company since the 1960s, TSX-listed in 1971

Current price	CAD\$10.15*
Shares outstanding	~33.4M
Market capitalization	~CAD\$339.0M*
52-week range	CAD\$10.15 - \$15.87*
Insider Holding %***	39%
Annual dividend	CAD\$0.60 per share**
Current yield	3.8%

\* Source TSX, as of November 9, 2023

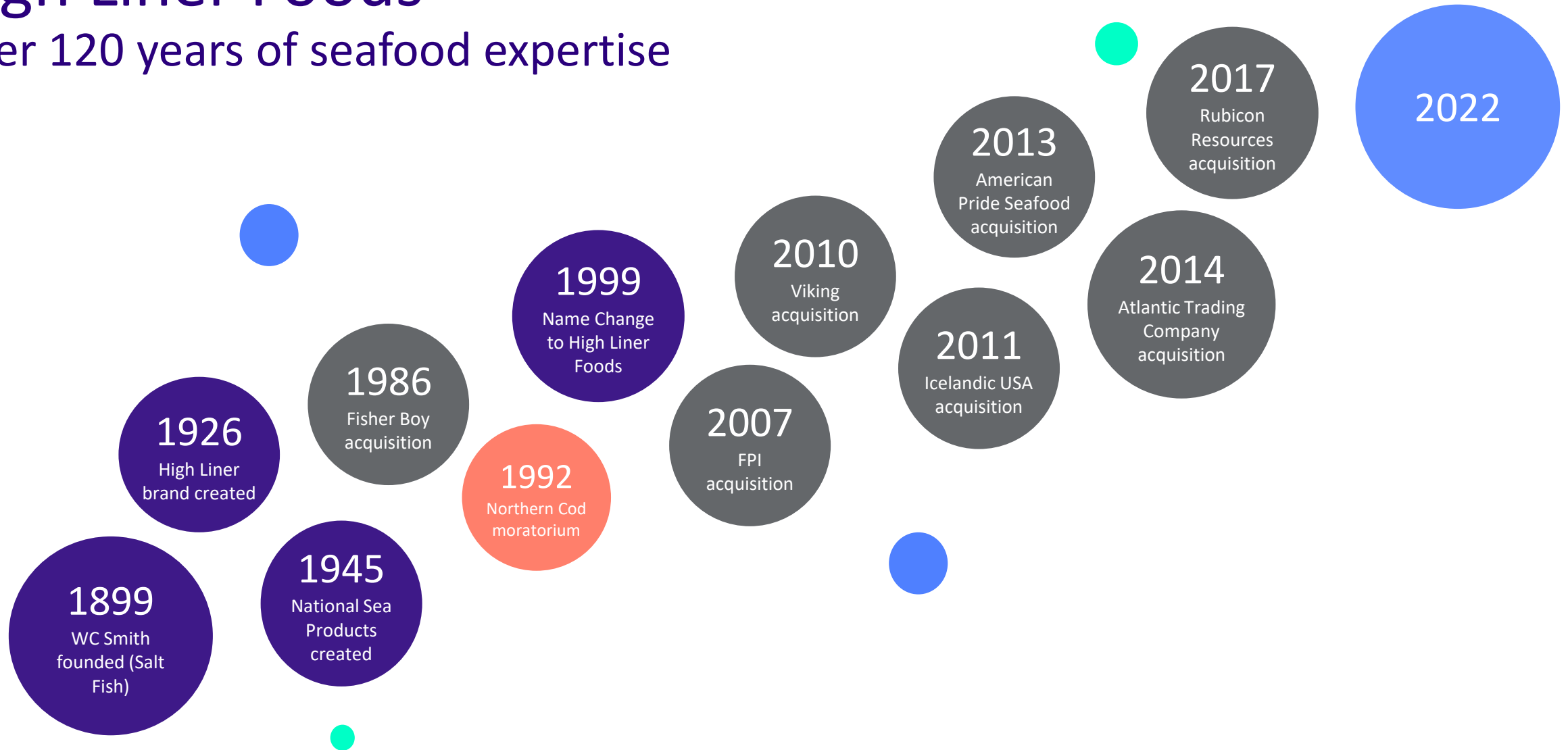
\*\* Effective November 2023 (CAD\$0.15 per share per quarter)

\*\*\* Float calculated based on the shareholder list as at September 30, 2023



# High Liner Foods

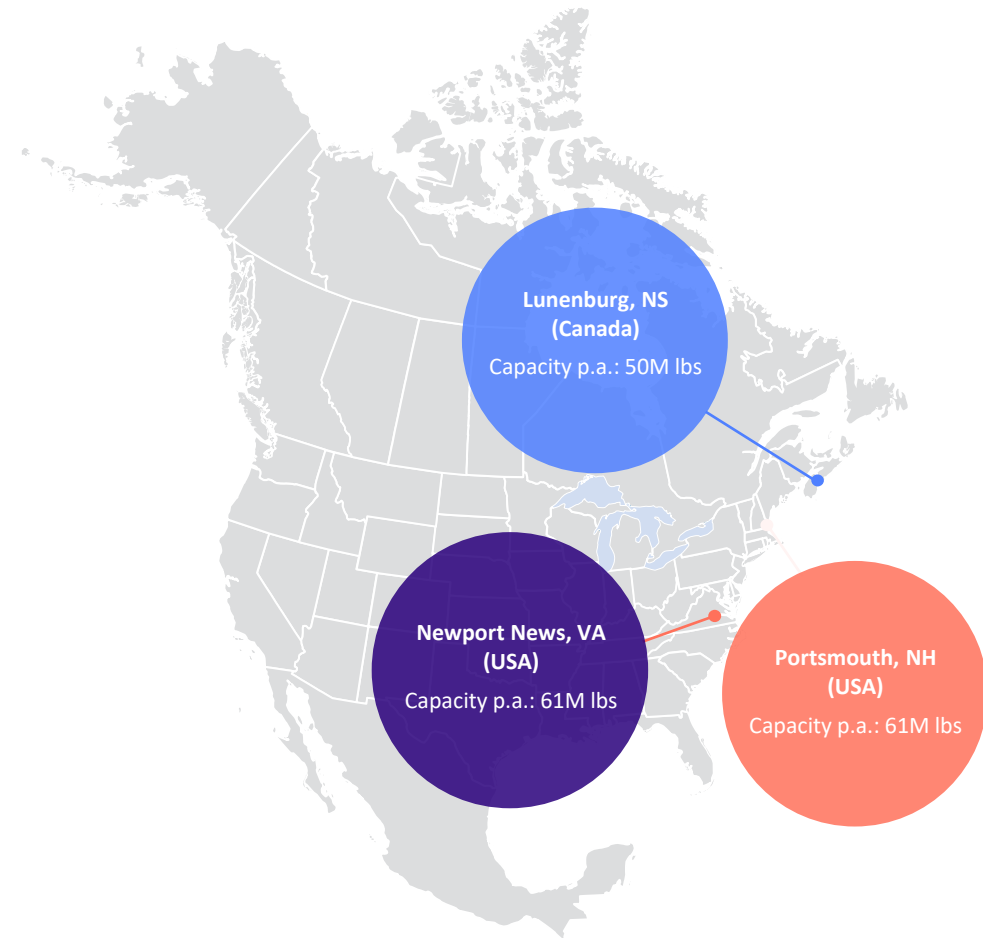
Over 120 years of seafood expertise



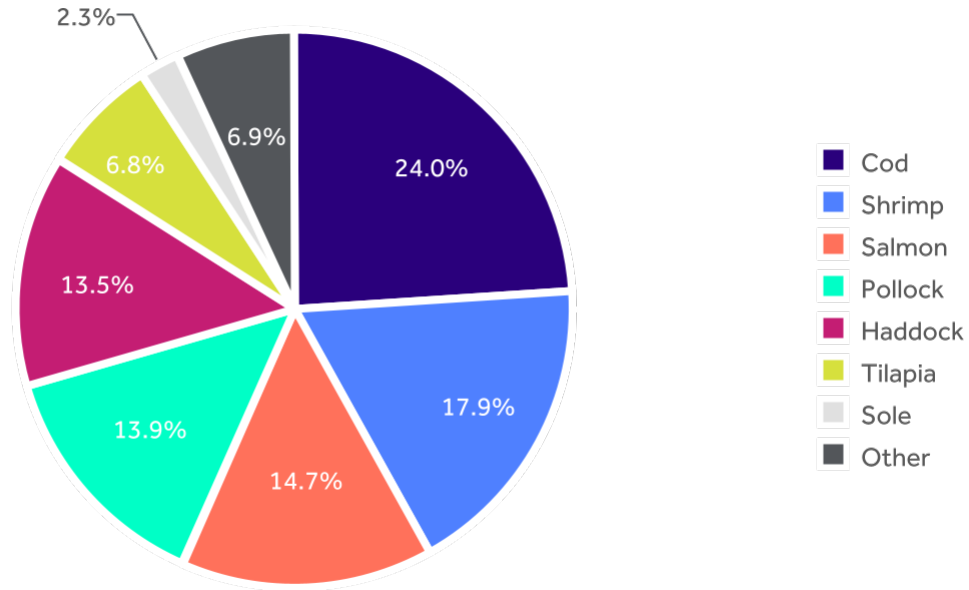
# Flexible, Integrated Operations

## Three value-added seafood manufacturing facilities in North America

- Increased demand for value-added products increases plant efficiency
- Current manufacturing footprint: aggregate production capacity of ~172M LBS based on current shift patterns
- Aggregate capacity could be increased to ~250M LBS by implementing a change in shift patterns and additional capital investment
- Ideal capacity ~ 85% to 90% to allow for seasonal demand surge
- Utilize a combination of Company-owned and third party-managed cold storage facilities



# Species Diversity



Based on 2022 Purchases (in USD)

- ▶ In 2022, the Company purchased approximately 198M LBS of seafood with an approximate value of \$653.5M, reflecting approximately 24 species from 19 different countries.
- ▶ Major species (7) accounted for ~93% of the total dollar purchases.



# ESG at High Liner Foods

- High Liner Foods began our responsible sourcing journey over a decade ago and has made steady gains since that time, working toward a goal of delivering products that are 100% responsibly sourced. In 2021, High Liner Foods took its next step in the ESG journey and completed a comprehensive engagement program to better understand the environmental, social and governance needs and priorities of its stakeholders and how stakeholder needs intersect with the Company's refreshed purpose of Reimagining Seafood to Nourish Life.
- In conversation with our stakeholders, and supported by supplemental survey data, we heard loudly and clearly that the issues High Liner Foods' stakeholders care most about are high standards of responsible sourcing where we have a long legacy of leadership, environmental stewardship and corporate governance. These priorities align well with existing programs at High Liner Foods.
- Responsible sourcing
  - Sustainable seafood continues to be among the highest priorities for High Liner Foods as we look to feed a growing world population now and in the future.
  - We have a long legacy of leadership in the responsible sourcing, transparency and traceability of our seafood
  - In 2022, 96% of seafood was responsibly sourced (2021: 98%)
  - Committed to sourcing all our seafood from "certified sustainable or responsible" fisheries and aquaculture
  - Recognized as a global leader in driving best practice improvements in wild fisheries and aquaculture
- Environmental stewardship
  - In 2022, the Company continues to advance its food waste reduction efforts as it works toward its goal of 50% less food waste by 2030 (compared to 2018).
  - The urgency with which the world needs to address climate change requires more action, as a result the Company has committed to a '30 by 30' goal – which means that we are driving to reduce Scope 1 and Scope 2 greenhouse gas emissions by 30% versus the 2021 baseline.
- Corporate governance
  - Three committees of the Board provide oversight to ensure management is implementing the Company's ESG framework responsibly, environmental practices are rigorously monitored for both compliance and effectiveness, and the health and safety of employees is protected and prioritized.

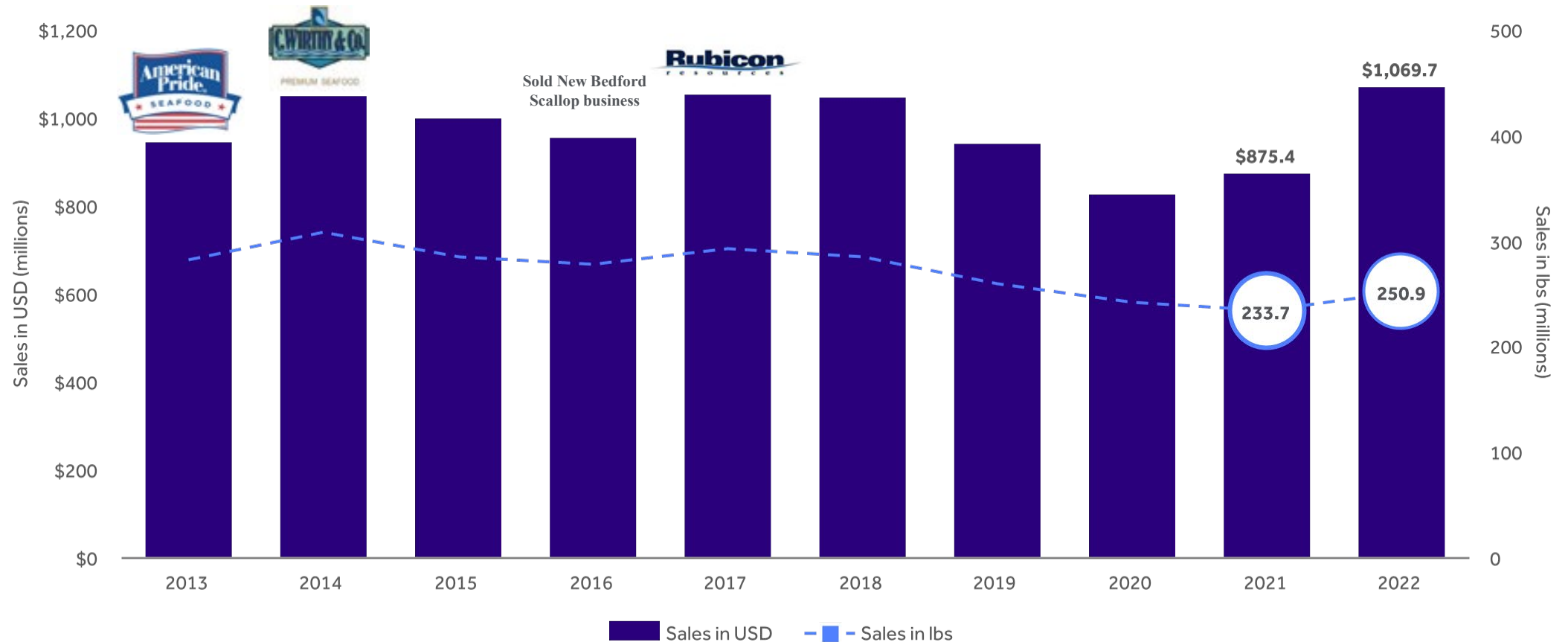
A close-up photograph of a white bowl filled with a Thai-style rice dish. The bowl contains white rice, a large piece of golden-brown fried fish topped with a white sauce, cashews, sliced cucumbers, red bell peppers, and fresh cilantro. In the background, another similar bowl is visible, and a wooden bowl with more cashews is partially seen. The entire scene is set on a light-colored surface with a grey textured napkin.

# Appendix #2:

## Historical Financial Performance

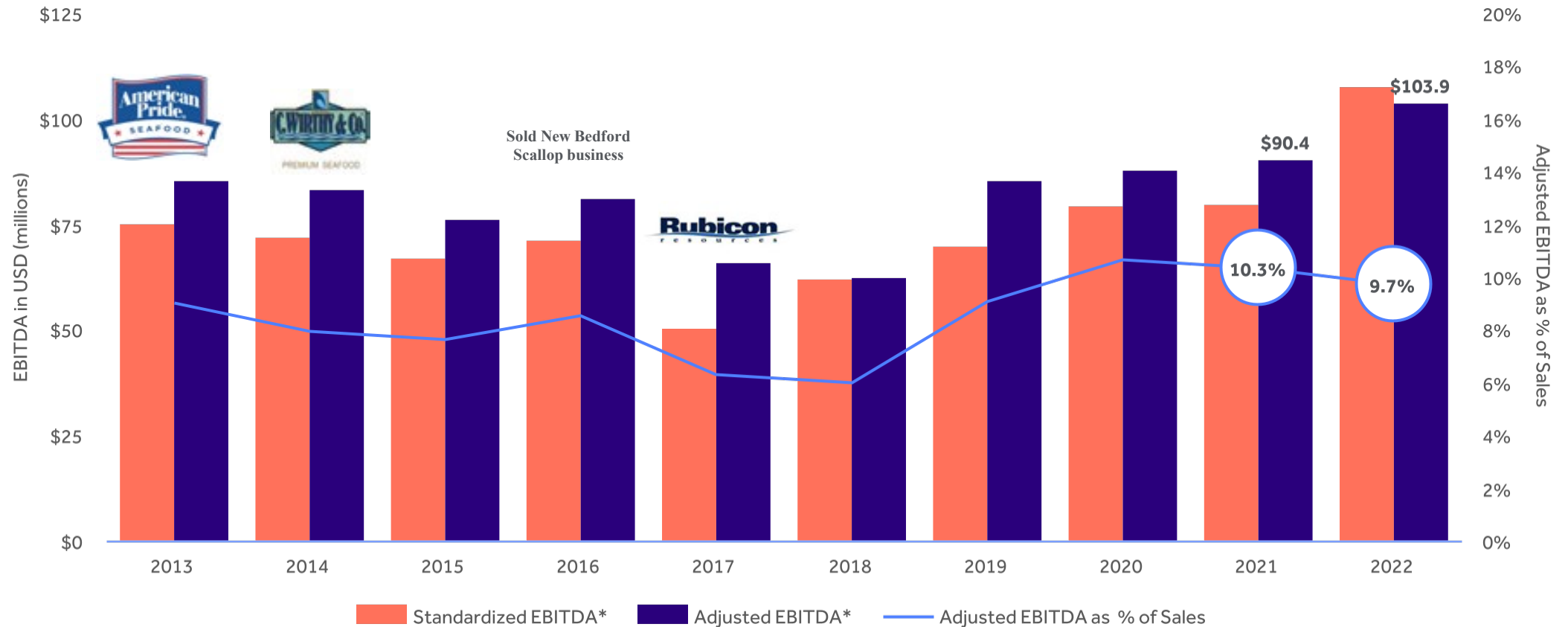


# 10 Year Sales History - Volume and USD



# 10 Year EBITDA History

## Earnings before Interest, Taxes, Depreciation & Amortization

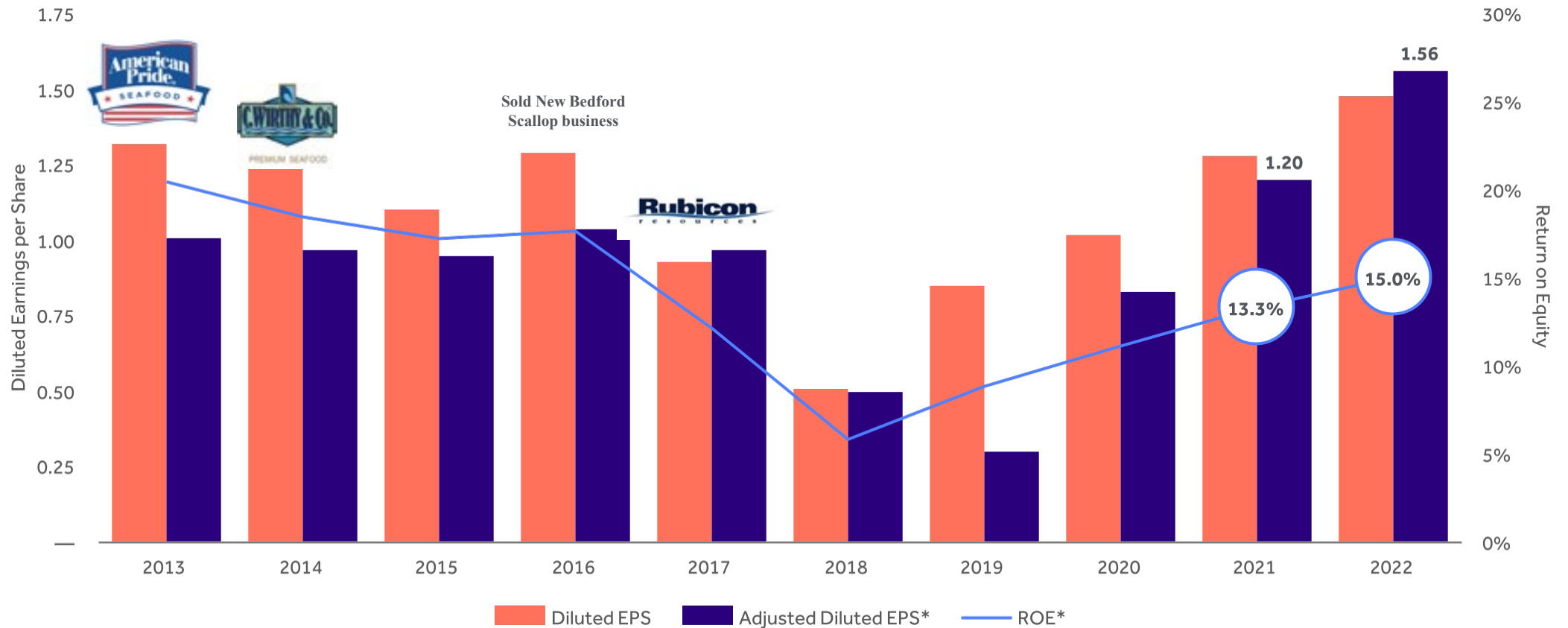


\*Please refer to the Company's MD&A for Fiscal 2022 for definition of non-IFRS measures "Standardized EBITDA" and "Adjusted EBITDA"



# 10 Year EPS and ROE\* History

Earnings per Share (EPS) and Return on Equity (ROE)

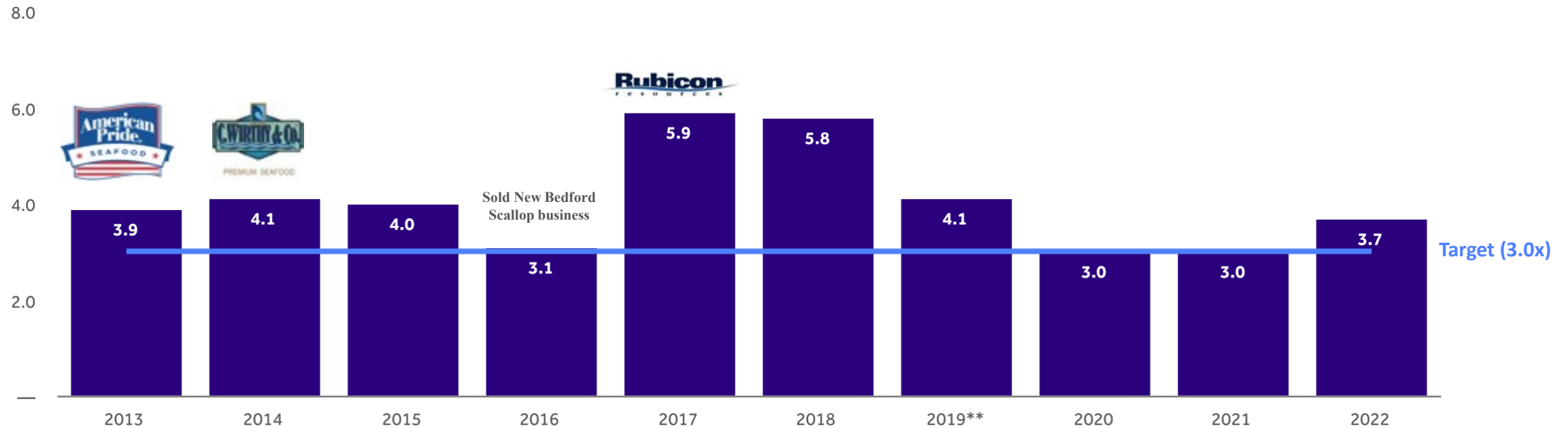


\*Please refer to the Company's MD&A for Fiscal 2022 for definition of non-IFRS measures "Adjusted Diluted EPS" and "Return on Equity"



# 10 Year Debt Leverage Ratio

Net Debt\* to Trailing 12-Month Adjusted EBITDA\*



\*Please refer to the Company's MD&A for Fiscal 2022 for definition of non-IFRS measures "Adjusted EBITDA" and "Net Debt".

\*\*Does not include trailing 12-month Adjusted EBITDA for Rubicon Resources LLC (purchased May 30, 2017)

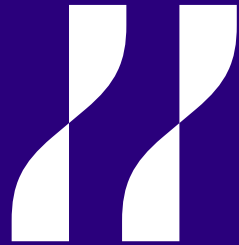
In the absence of any major acquisitions or unplanned capital expenditures in 2023, we expect this ratio to be in line with the Company's long-term target of 3.0x at the end of Fiscal 2023.



# Thank you!

The Company's news release, MD&A and Financial Statements can be found in the Investor Center section of the High Liner Foods website. Please visit [www.highlinerfoods.com](http://www.highlinerfoods.com) for more details.





**HIGH LINER FOODS**

Changing the way we see food