

# Investor Presentation

August 2024



# 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.sedarplus.ca](http://www.sedarplus.ca)) 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
- 125 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
- **Opportunity** - under consumed protein vs. dietary
- **Versatile** - the original protein alternative

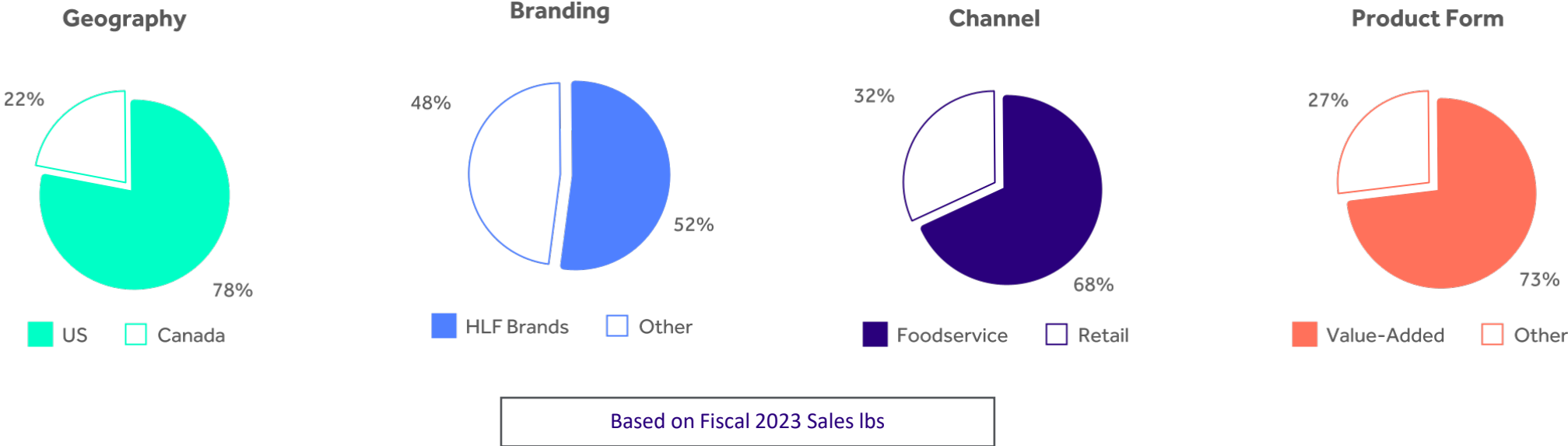
## Why High Liner Foods?

- A **North American leader** in value-added frozen seafood with 125 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** despite unprecedented challenges in recent years, including continued inflationary and recessionary pressures, validating the strength of our business.
- Generated **record free cash flow** in 2023 of over \$179 million, which led to a strengthened balance sheet and leverage ratio below our annual target of 3.0x.
- **Financial flexibility** to support continued investment in our business; **return capital to our shareholders through steadily rising dividend** and increase to our normal course issuer bid; and explore transformational growth opportunities.
- Committed to **inspiring 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



- #1 frozen fish manufacturer and #1 frozen value-added seafood manufacturer in Canadian retail market<sup>(1)</sup>
- #1 branded prepared frozen fish manufacturer and #4 branded 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 June 29, 2024  
(2) U.S. market data per IRI, based on retail sales (in lbs) of total frozen seafood category for 52-week period ended June 30, 2024.  
(3) Circana Supply Track, L12M PE June, 2024. Frozen Value-Added Fish + Crustaceans (Excluding crab). Including large chains.



# 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 125 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.

## 2023 sustainability highlights we are proud to share



### WATER USE

Water intensity increased 2% versus 2021



### GHG EMISSIONS

3.2% reduction in GHG emissions compared to our 2021 baseline



### EMPLOYEE SAFETY

The number of safety incidents declined 48% compared to 2018 benchmark



### RESPONSIBLE SOURCING

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



### ETHICAL SOURCING

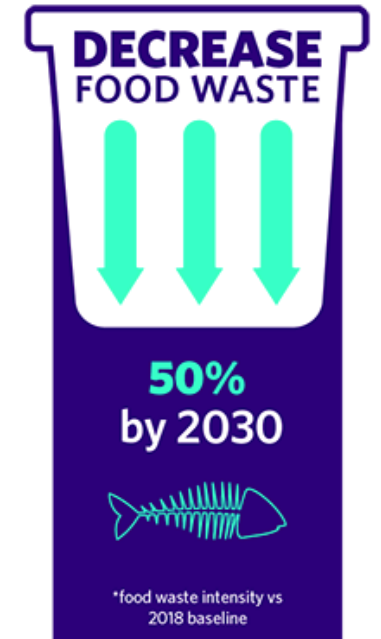
100% of raw materials were sourced from suppliers audited for compliance to High Liner Foods' Supplier Code of Conduct (SCoC)



### DAY OF NOURISHMENT

1,500 volunteer hours donated by High Liner Foods' employees

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



A top-down photograph of a light-colored ceramic plate filled with several skewers of grilled shrimp. The shrimp are cooked to a golden-orange hue and are garnished with fresh green herbs, thin slices of red chili, and shredded yellow cheese. The plate is set on a rustic, dark wooden table. In the background, a glass of water with a lemon slice is partially visible. A large, semi-transparent teal and purple graphic overlay covers the left side of the image, containing the title text.

# Financial Review & 2024 Outlook

# YTD Q2 2024 Performance

Key highlights include:

- **Adjusted EBITDA** - Increased by \$4.9 million (9.2%) to \$58.1 million;
- **Sales** - Decreased by \$88.2 million (15.1%) to \$495.3 million;
- **Gross Profit** - Decreased by \$2.4 million (2.0%) to \$118.0 million;
- **Gross Profit as a % of Sales** - Increased by 320 basis points to 23.8%
- **Volumes** - Decreased by 17.8M lbs (13.0%) to 118.6 million lbs;
- YTD Q2 2024, the Company's continued focus on profitable growth led to improvement in gross profit as a percentage of Net Sales and Adjusted EBITDA improvement.
- Sales volume and net sales decreased due to a decline in contract manufacturing business, the exit of some unprofitable business and some market softness in our Foodservice business and consumer price sensitivity and competitive pressure in a highly promotional competitive environment in our Retail business.
- YTD Q2 2024, the Company generated in excess of \$56 million in cash flow from operations.
- The Company improved its leverage ratio to 2.3x at the end of Q2 2024 compared to 2.6x at the end of Fiscal 2023 (3.7x at the end of Fiscal 2022) due to the improvement in its working capital during Fiscal 2023 and into 2024.

# 2024 Outlook

- Our strong start to the year on the bottom-line positions the Company to navigate ongoing market challenges which will continue to impact the Company's performance in the in the second half of the year.
- With a **strong balance sheet, low debt ratio** and **strong free cash flow generation**, the Company believes that it can withstand short-term pressures and deliver year-over-year Adjusted EBITDA growth, while continuing to invest in the business, return capital to shareholders, and support long-term value creation.
- The Company is focused on executing against its branded and value-added strategy; ongoing supply chain diversification; and innovation within the frozen seafood category, as the means to reinforce its competitive positioning in a dynamic global seafood market.
- We will continue to explore opportunities across the value-chain to position the Company for long-term growth through potential M&A activities, as illustrated by our recent investments in Norcod and Andfjord.

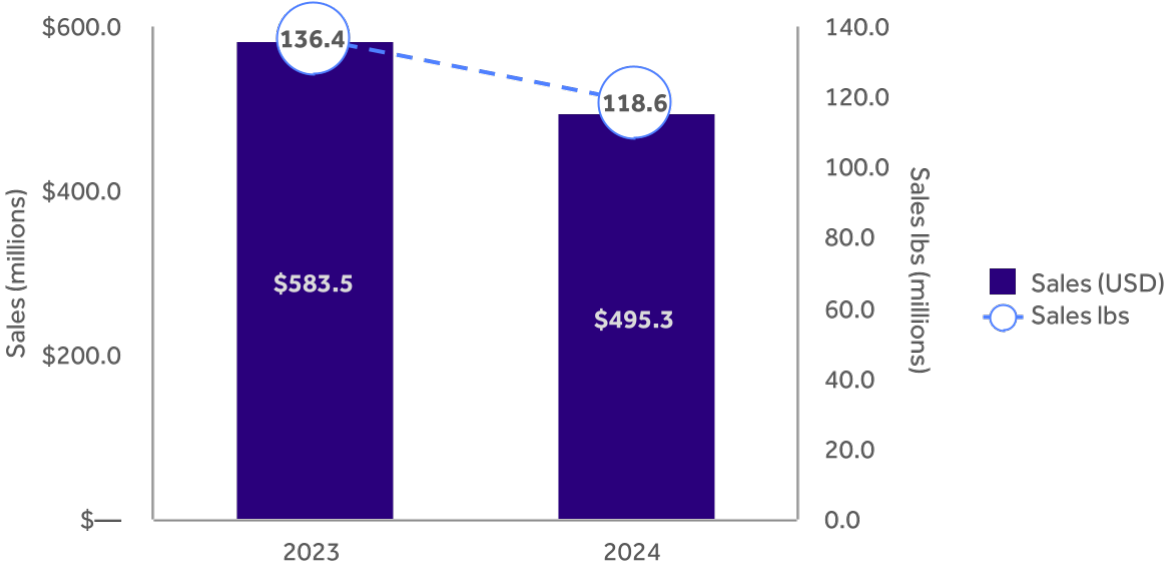
# Q2 2024 YTD Sales Volume and Net Sales

## Sales volume decreased 17.8M lbs (13.0%) to 118.6M lbs

- **Foodservice:** sales volume is lower due to a decline in contract manufacturing business, the decision to exit of some unprofitable business and market softness.
- **Retail:** sales are lower in 2024 compared to 2023, including during the Lenten period, primarily due to consumers becoming more price-conscious and competitive pressure in a highly promotional environment.

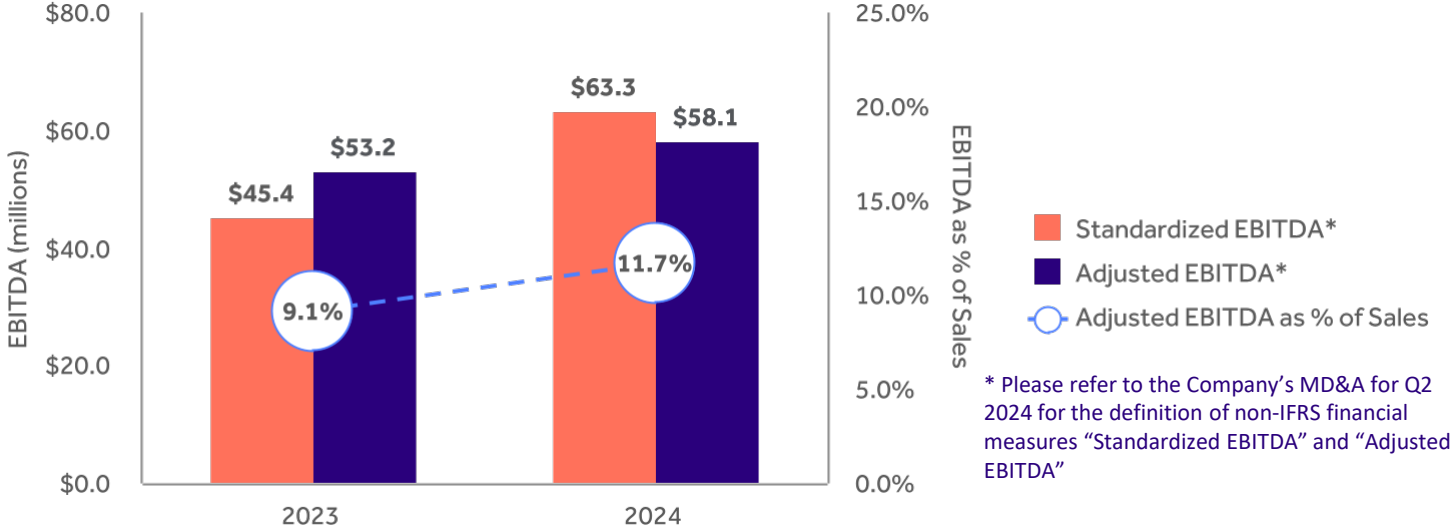
## Net sales decreased \$88.2M (15.1%) to \$495.3M

- The decrease in sales reflects the lower sales volumes in YTD 2024 compared to YTD 2023.
- Reduced pricing reflecting deflationary markets contributed to lower sales. This was partially offset by favourable sales mix.
- The weaker Canadian dollar in the first half of 2024 compared to prior year, decreased the value of reported USD sales from our Canadian operations by approximately \$0.9 million relative to the conversion impact last year.



# Q2 2024 YTD Adjusted EBITDA

## Earnings before Interest, Taxes, Depreciation and Amortization

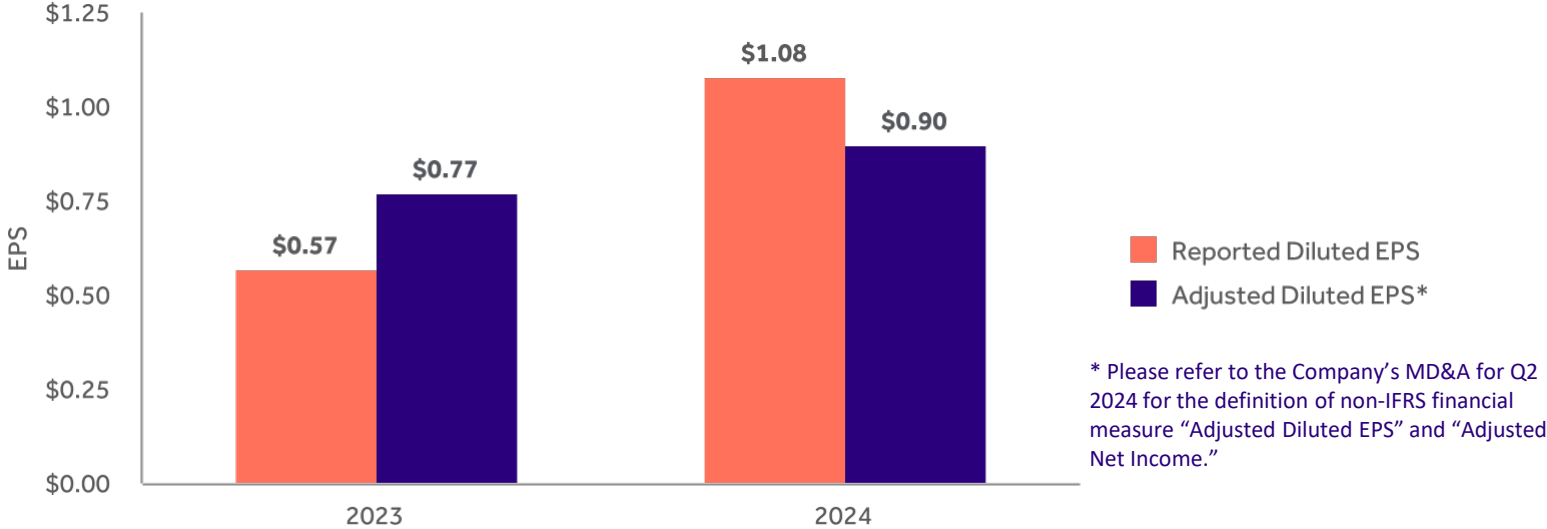


**Adjusted EBITDA increased \$4.9 M (9.2%) to \$58.1M and increased by 260 basis points as a percentage of sales to 11.7%.**

- The increase in Adjusted EBITDA is a result of decreased distribution costs, partially offset by a decrease in gross profit and an increase in net SG&A expenses.



# Q2 2024 YTD Earnings Per Share (EPS)



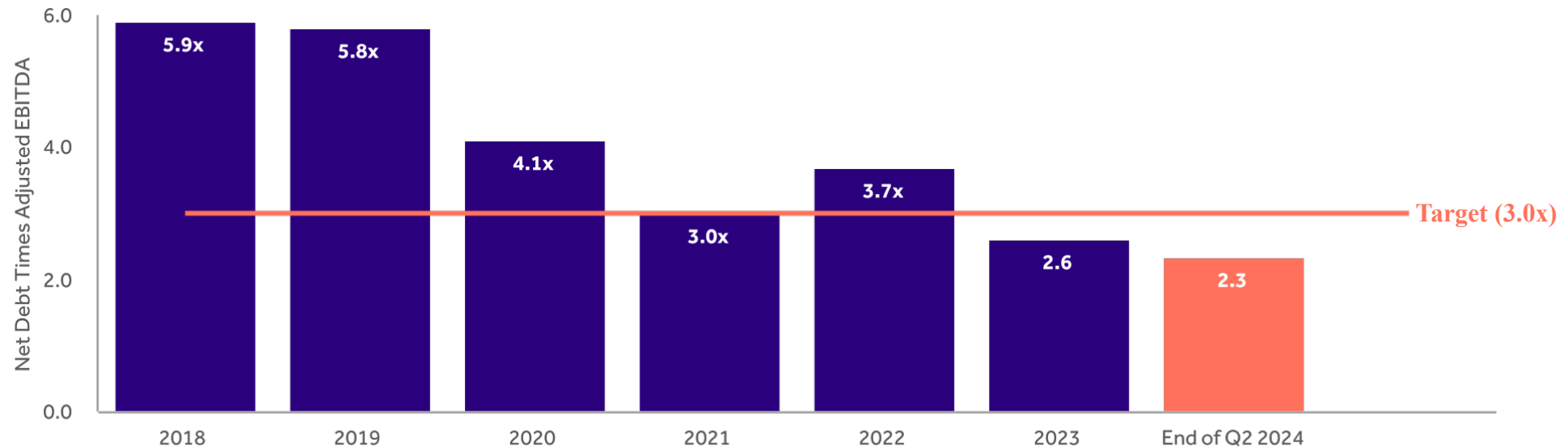
**Adjusted Diluted EPS increased by \$0.13 (16.9%) to \$0.90**

- Adjusted Net Income increased by \$3.3M (12.5%) to \$29.8M reflecting a increase in Adjusted EBITDA, decrease in Business Acquisition, Integration and Other Expenses and a decrease in finance costs, partially offset by an increase in income tax expense.



# Debt Leverage Ratio

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



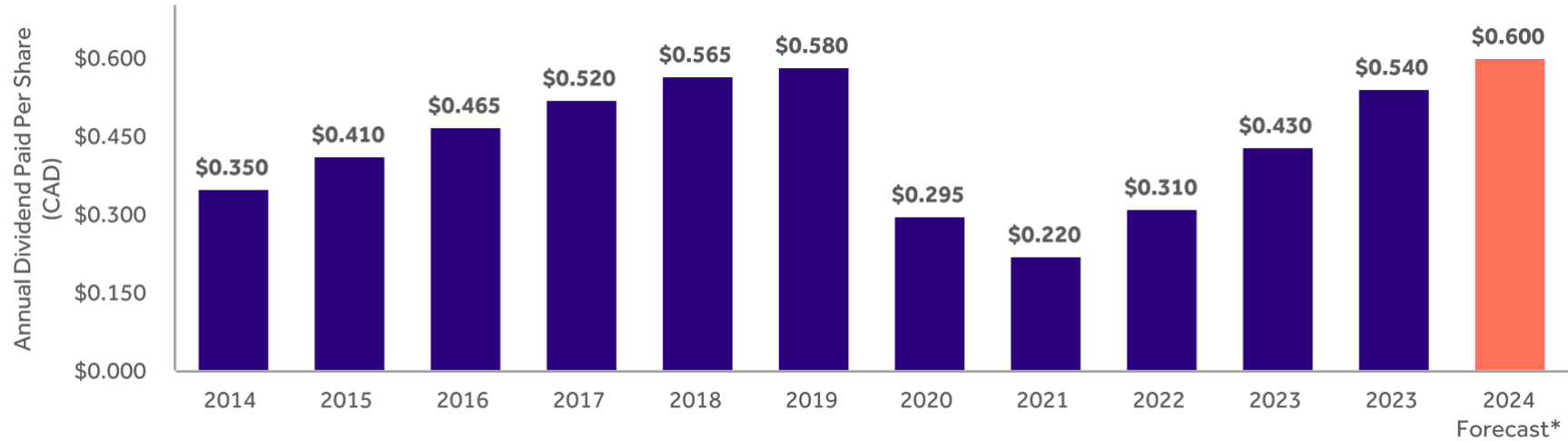
\*Please refer to the Company's MD&A for Q2 2024 for the definition of non-IFRS financial measures "Net Debt" and "Adjusted EBITDA"

- Net Debt\* to Rolling Twelve-Month Adjusted EBITDA\* was 2.3x at the end of Q2 2024 and 2.6x at the end of Fiscal 2023 compared to 3.7x at the end of Fiscal 2022. In the latter half of Fiscal 2022, this ratio rose due to increased investment in working capital and inflation in raw materials. By the second half of 2023, the Company had reverted to normal working capital levels.
- In the absence of any major acquisitions or unplanned capital expenditures in 2024, we expect this ratio to remain lower than the Company's long-term target of 3.0x at the end of Fiscal 2024.





# Dividend History



*\* Reflects Q1/Q2/Q3/Q4 dividend of CAD\$0.15 per share*

On August 7, 2024, the Board approved a quarterly dividend of 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\$13.39*            |
| Shares outstanding    | ~30.0M                 |
| Market capitalization | ~CAD\$401.5M           |
| 52-week range         | CAD\$10.11 - \$14.75*  |
| Insider Holding %**   | 42%                    |
| Annual dividend       | CAD\$0.60 per share*** |
| Current yield         | 4.5%                   |

\* Source TSX, as of June 28, 2024

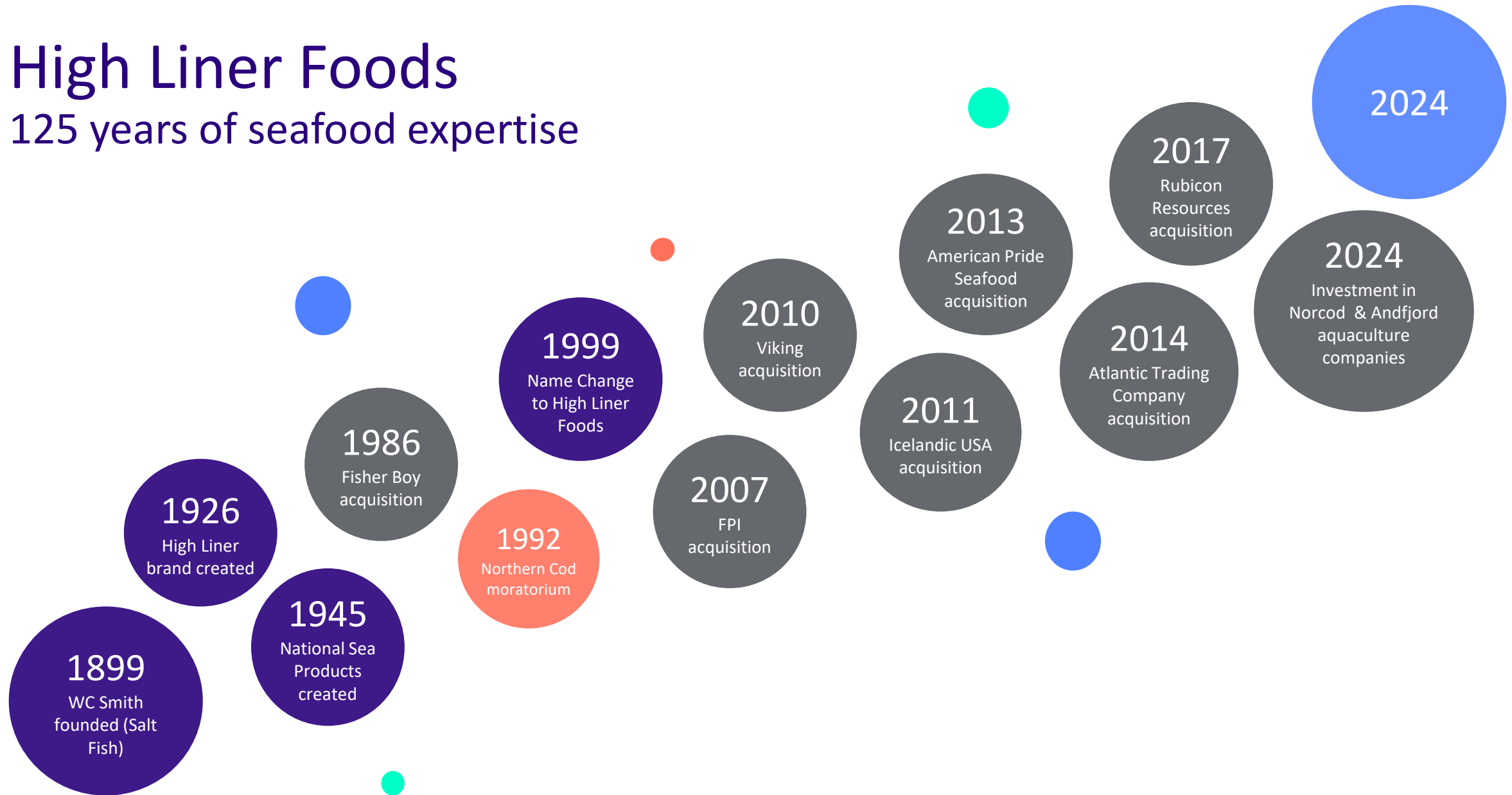
\*\* Float calculated based on the shareholder list as at June 30, 2024

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



# High Liner Foods

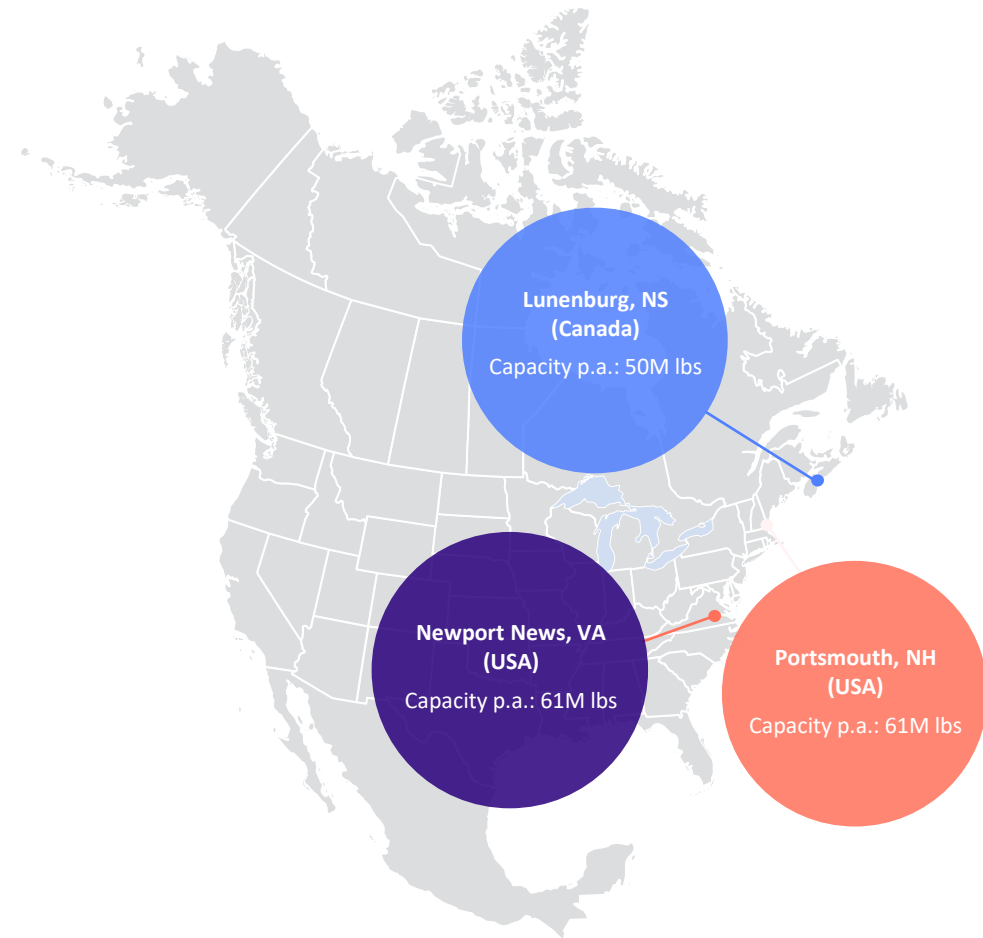
125 years of seafood expertise



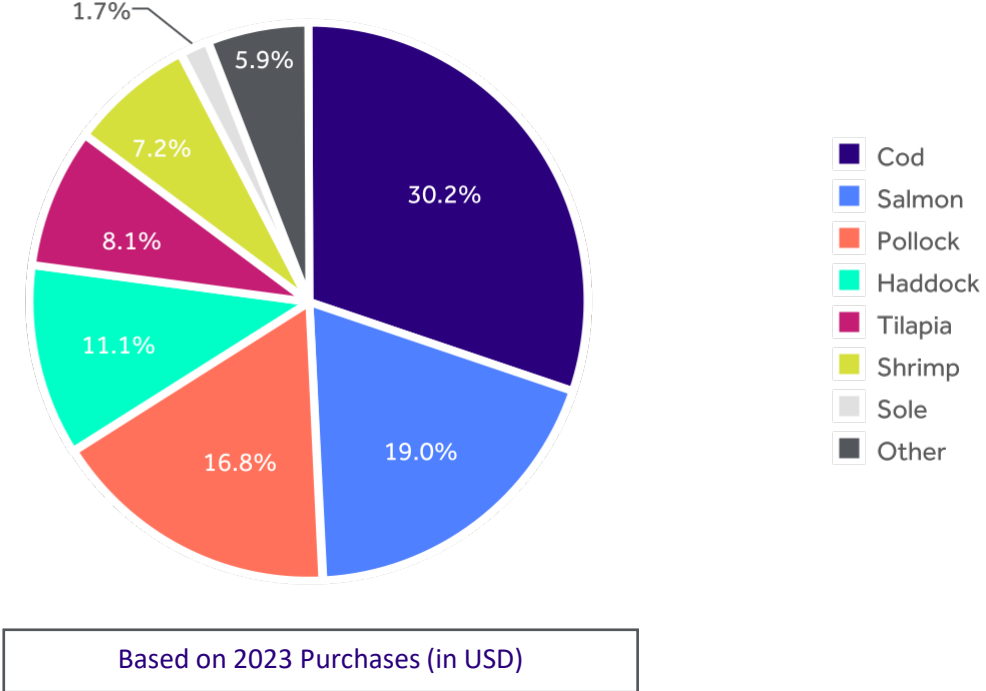
# Flexible, Integrated Operations

## 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



- In 2023, the Company purchased approximately 155M lbs of seafood with an approximate value of \$511.4M, reflecting approximately 24 species from 20 different countries.
- Major species (7) accounted for ~94% 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.
- 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 are a recognized global leader in driving best practice improvements in wild fisheries and aquaculture.
  - We have a long legacy of leadership in the responsible sourcing, transparency and traceability of our seafood, and 96% of our seafood purchases in 2023 were from supplies meeting our strict *Responsibly Sourced* criteria. (2022: 96%)
  - Committed to sourcing all our seafood from “certified sustainable or responsible” fisheries and aquaculture.
  - We updated our Supplier Code of Conduct (SCOC) in 2023 to include stricter measures to preclude human rights abuses, like forced labour, in our seafood supply chain. We plan to publish the new SCOC in Q2 of 2024 and will also publish our first annual modern slavery report before May 31, 2024 in alignment with Canada's Bill S-211.
- Environmental stewardship
  - In 2023, the Company created a new Continuous Improvement team tasked with the prioritized mission of reducing food waste in our production operations. This is a demonstration of our continued effort to achieve our 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.

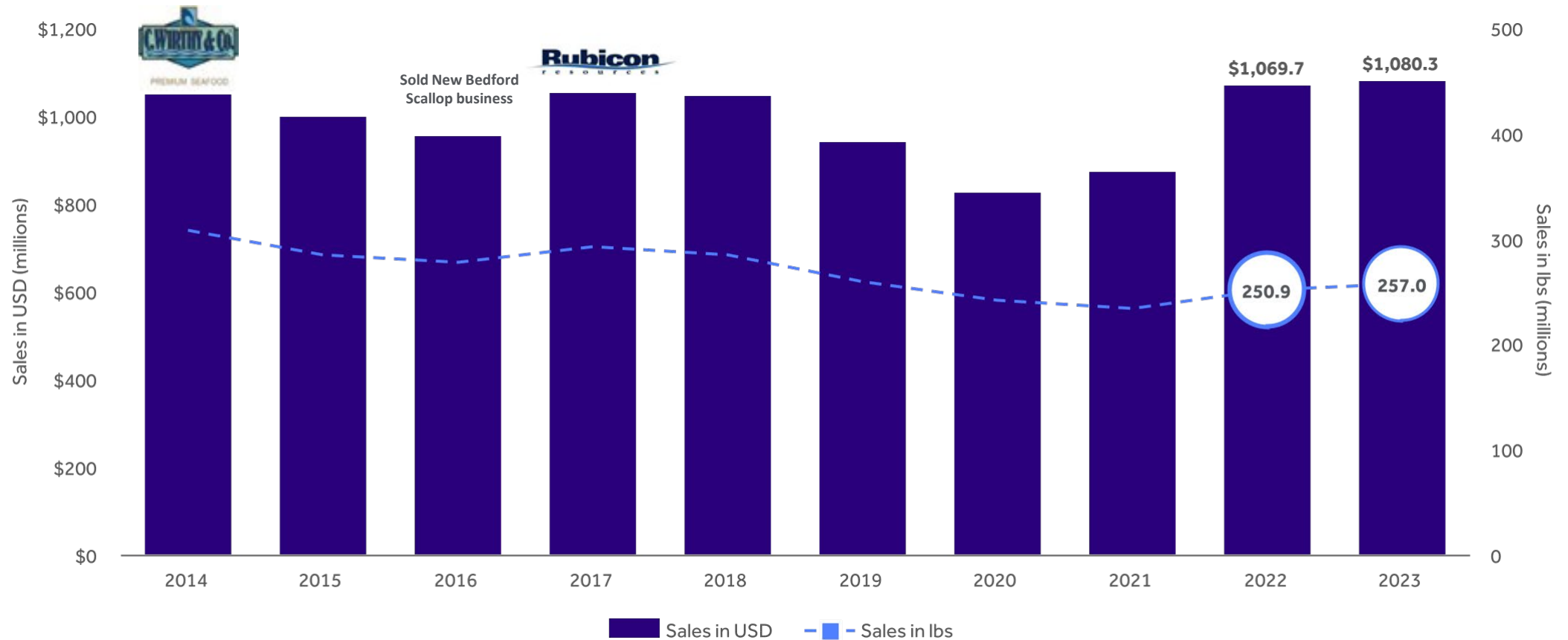


# Appendix #2:

## Historical Financial Performance

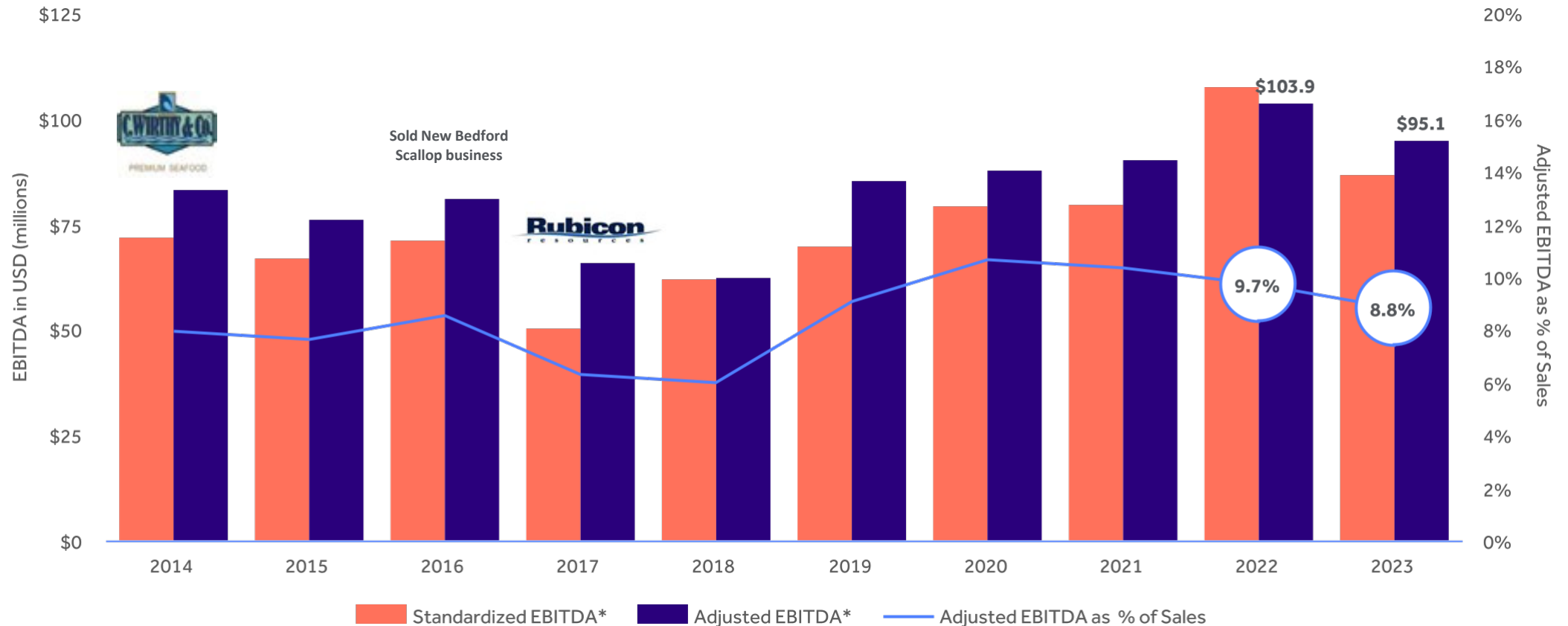


# 10 Year Sales History - Volume and USD



# 10 Year EBITDA History

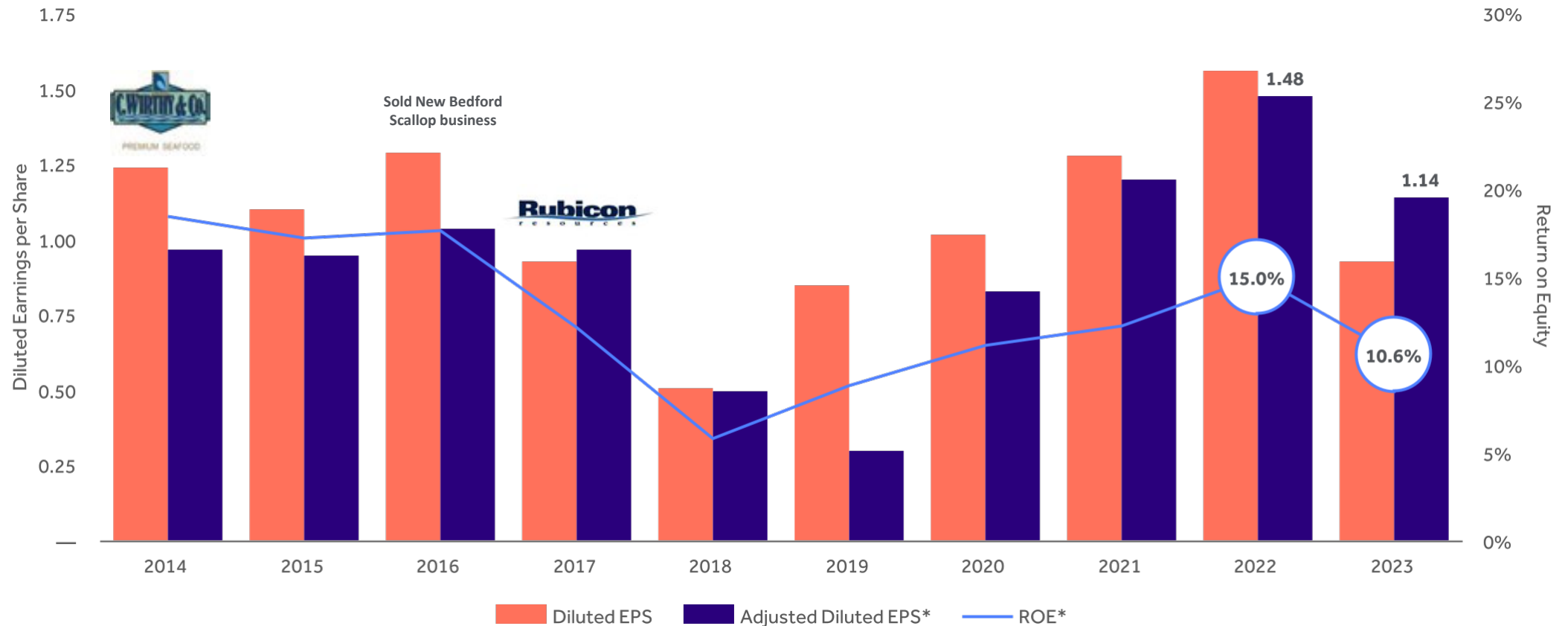
## Earnings before Interest, Taxes, Depreciation & Amortization



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

# 10 Year EPS and ROE\* History

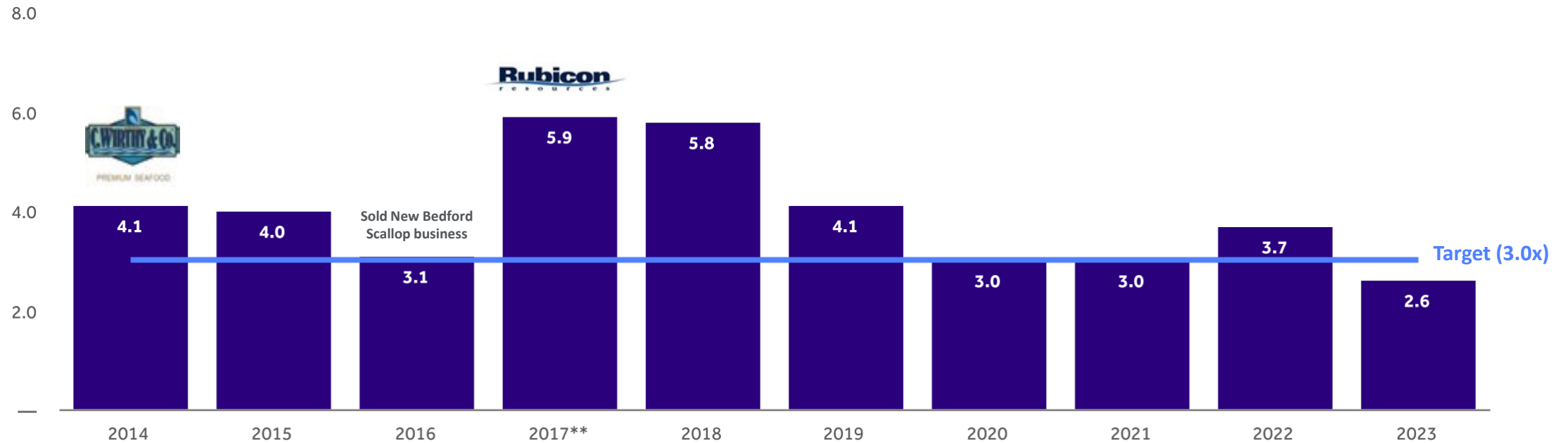
Earnings per Share (EPS) and Return on Equity (ROE)



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

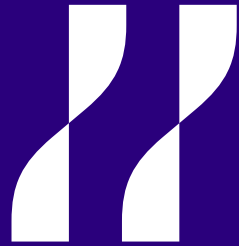
\*\*Does not include trailing 12-month Adjusted EBITDA for Rubicon Resources LLC (purchased May 30, 2017)

In the absence of any major acquisitions or unplanned capital expenditures in 2024, we expect this ratio to be lower than the Company's long-term target of 3.0x at the end of Fiscal 2024.

# 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