



HIGH LINER FOODS

# Investor Presentation

May 2022

*Reimagining Seafood* **TO NOURISH LIFE**



# 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' Annual Report 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.



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# Company Overview & Strategy

# 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
- Over 120 years of seafood expertise
- Well-known core brands sold across the United States and Canada, in both the Retail and Foodservice channels



# Investment Thesis

## Why Seafood?

- Healthy - for people and the environment
- Attractive market demographics
- Under consumed vs. dietary guidelines = opportunity
- Versatile - the original protein alternative

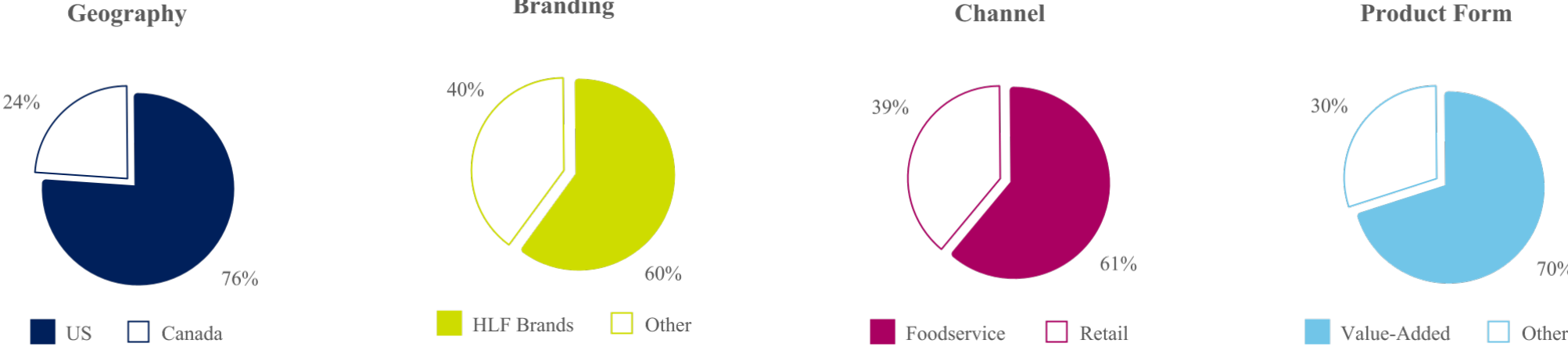
## Why High Liner Foods?

- Over 120 years of seafood expertise
- A North American leader in value-added frozen seafood
- Broad market reach and market-leading brands
- Integrated North American operations supported by global seafood procurement expertise
- Diversified product portfolio
- Leader in innovation and sustainability

## Why Now?

- Well equipped to invest in our business and build upon our leadership in branded value-added seafood to drive further profitability and revenue growth
- Focus on continuous improvement, strategy execution and increased investment in operations to deliver continued year-over-year EBITDA growth
- Proven ability to navigate through challenges presented by pandemic and global supply chain environment

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



Based on 2021 Sales lbs

- #1 frozen seafood 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. and Canada<sup>(3)</sup>

<sup>1)</sup> Canadian market data per Nielsen, based on retail sales (in lbs.) of total frozen fish category for 52-week period ended January 1, 2022.

<sup>2)</sup> U.S. market data per IRI, based on retail sales (in lbs.) of total frozen seafood category for 52-week period ended January 23, 2022.

<sup>3)</sup> Management's estimate.

# Reimagining Seafood to Nourish Life

- In 2021, the Company refreshed its purpose statement to **“Reimagining Seafood to Nourish Life”**, which more accurately reflects High Liner Foods’ business, its potential for the future and commitment to all its stakeholders.
- As we execute against **our strategy to become the leader in branded value-added seafood in North America**, we will do so grounded in a strong sense of our wider purpose in society and with environmental, social and governance (ESG) issues front of mind.
- As we live our purpose, we will invest in an inclusive, equitable and diverse workplace that creates rewarding career opportunities that help nourish the lives of our dedicated employees, while we continue to focus on their health and safety.
- We will continue to advance our sustainability goals, support our local communities and hold ourselves to the highest standards of governance. Sustainability, responsibility, flexibility and resilience have been hallmarks of High Liner Foods for over 120 years, and we are committed to ensuring these values are reflected in Fiscal 2022 as we strive to become the leader in branded value-added seafood in North America.





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# Financial Review & 2022 Outlook

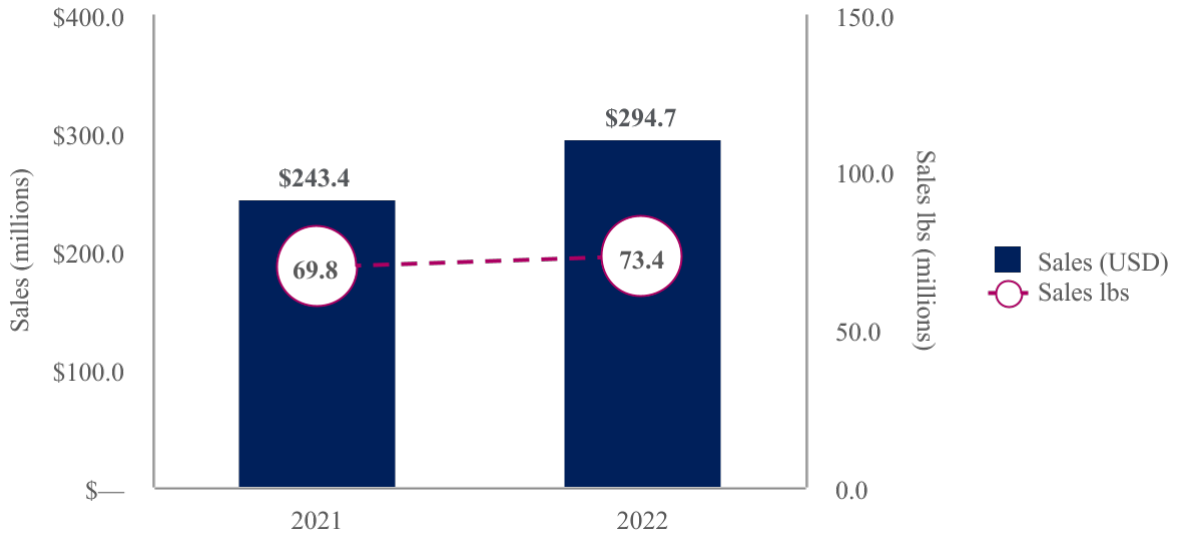
# Q1 2022 Performance

- **Net sales increased year-over-year** reflecting pricing actions related to inflationary increases on input costs, higher sales volumes and favorable changes in sales mix.
  - In Foodservice, sales volume was higher due to the impact of fewer COVID-19 restrictions on the Company's foodservice customers in 2022 as compared to 2021 and new business and new product sales.
  - In Retail, sales volume grew due to new business and new product sales.
- **Gross profit increased** as compared to the prior year by \$4.3 million to \$62.0 million as the Company continued to execute against its branded value-added leadership strategy.
- **Adjusted EBITDA increased by \$0.5 million** to \$28.3 million and Adjusted EBITDA as a percentage of sales decreased compared to the same period in the prior year by 180 basis points to 9.6%.
- The leverage ratio was 3.2x at the end of Q1 2022, compared to 3.0x at the end of Fiscal 2021 and 2.9x at the end of Q1 2021.
- Global supply chain challenges, including competitive labour market, material supply issues, port congestion / shutdowns, and inflationary costs pressures, impacted operations and related sales in both foodservice and retail business during the quarter.
  - Specifically, shipping container shortages and raw material supply impacted the Company's ability to maximize volume sales during the quarter.
  - The Company took all available steps to attempt to mitigate the impact of supply challenges and also took appropriate pricing actions to offset additional costs incurred.

# 2022 Outlook

- Demand for the Company's products remains strong, however, like others in the retail and foodservice space, the Company continues to navigate global supply challenges exacerbated by the invasion of Ukraine, inflationary pressures on raw material and ongoing uncertainty related to the COVID-19 pandemic. High Liner Foods is well-positioned to mitigate ongoing supply challenges by drawing on the scale of its global supply chain and the diversification of species, product and procurement, and strong customer and supplier relationships to support its position. The Company's performance may be impacted by ongoing global supply chain challenges, inflationary pressures on raw material and other inputs, its ability to successfully implement related pricing actions, and consumer response to inflation-driven price increases.
- With a strong balance sheet and cash flow, the Company is well equipped to navigate current market conditions and invest in the business, with anticipated capital expenditures of approximately \$25.0 million in Fiscal 2022, as the Company modernizes its asset base, explores automation opportunities and maintains and upgrades its facilities.
- The Company does not have any impending debt maturities and will continue to utilize its \$150.0 million working capital credit facility, if required, and remains confident in its liquidity position.
- High Liner Foods expects its Net Debt to Rolling Twelve-Month Adjusted EBITDA ratio to be below the Company's long-term target of 3.0x at the end of Fiscal 2022.

# Q1 2022 YTD Sales Volume and Net Sales



### Sales volume increased 3.6M lbs (5.2%) to 73.4M lbs

- In our foodservice business, sales volume was higher due to the impact of fewer COVID-19 restrictions on the Company's foodservice customers in 2022 as compared to 2021, partially offset by the impact of global supply chain challenges on raw material supply to North America. The increase in sales volume in the first quarter of 2022 was also due to growing our retail business, and new business and new product sales in both foodservice and retail.

### Net sales increased \$51.3M (21.1%) to \$294.7M

- The increase in net sales is due to higher sales volumes mentioned above, favorable changes in sales mix and pricing actions related to inflationary increases on input costs.

# Q1 2022 YTD Adjusted EBITDA

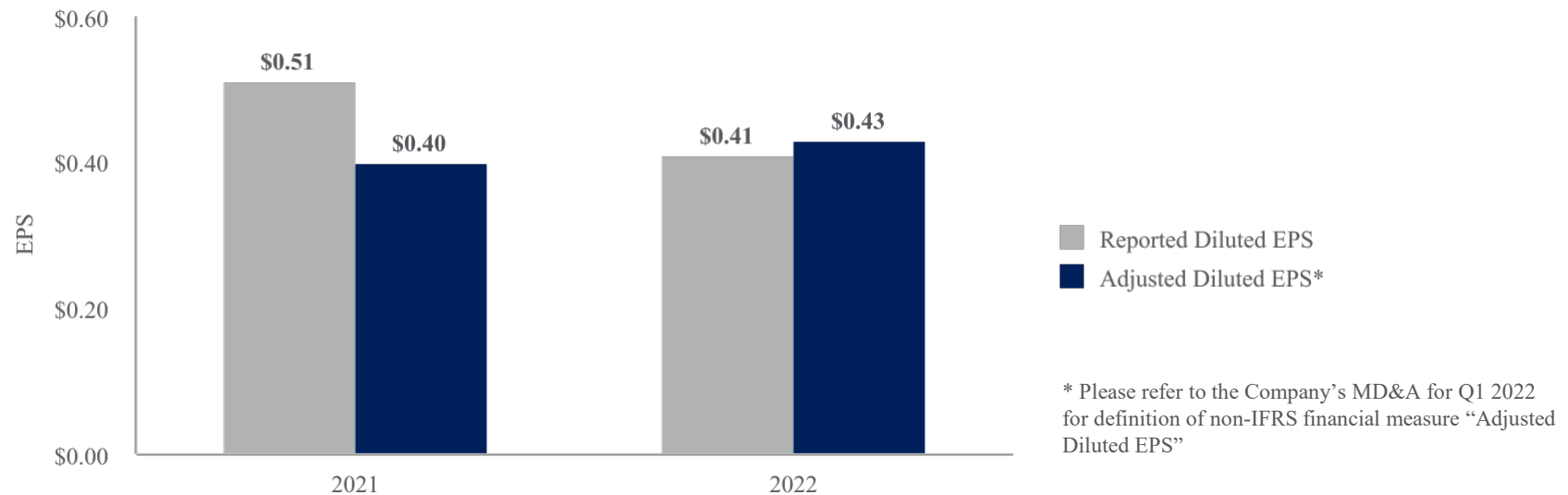
## Earnings before Interest, Taxes, Depreciation and Amortization



Adjusted EBITDA increased \$0.5M (1.8%) to \$28.3M and decreased by 180 basis points as a percentage of sales to 9.6%.

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

# Q1 2022 YTD Earnings Per Share (EPS)

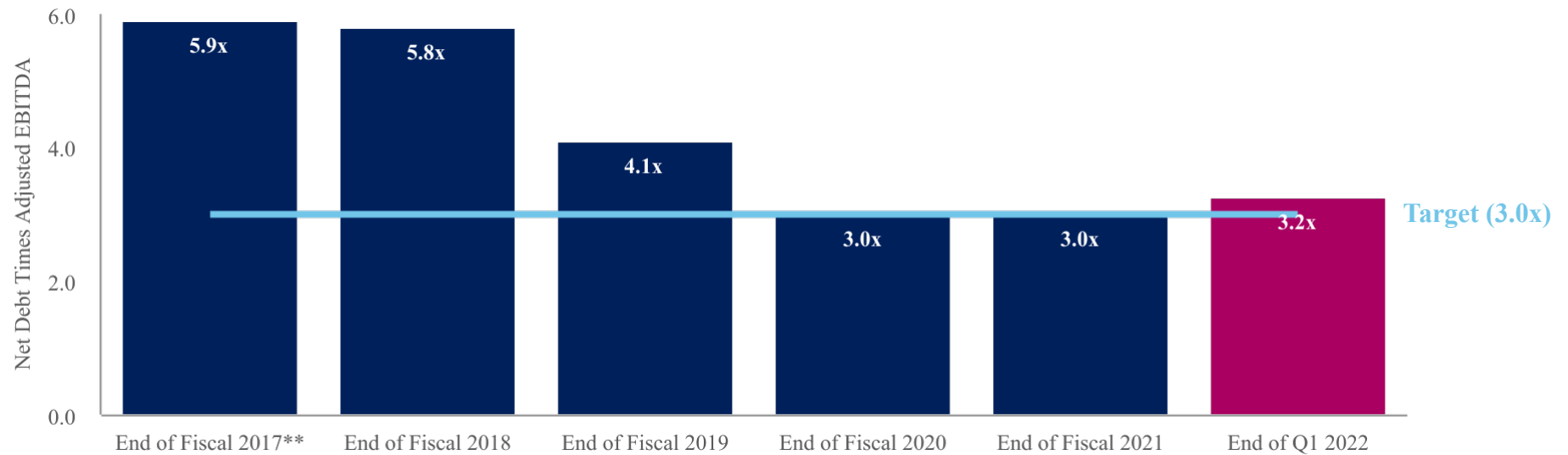


## Adjusted Diluted EPS increased by \$0.03 (7.5%) to \$0.43

- Adjusted Net Income increased by \$1.0M (7.2%) to \$15.1M reflecting the increase in Adjusted EBITDA.

# Debt Leverage Ratio

## Net Debt to Rolling Twelve-Month Adjusted EBITDA\*

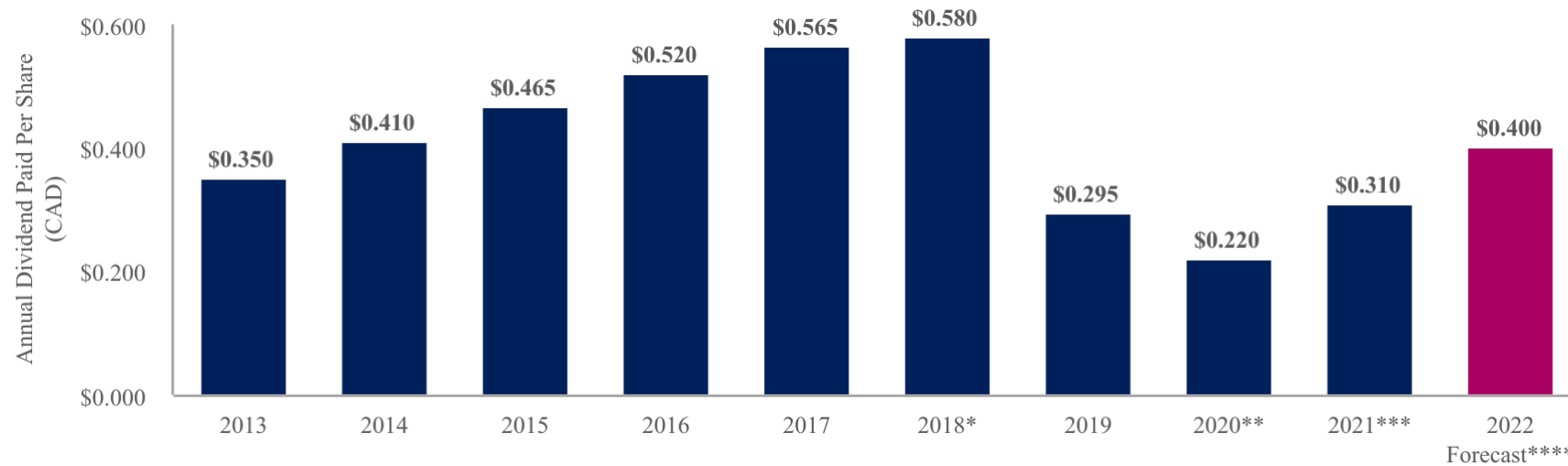


\*Please refer to the Company's MD&A for Q1 2022 for the definition of the non-IFRS financial measure "Net Debt to Rolling Twelve-Month Adjusted EBITDA"

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

In the absence of any major acquisitions or unplanned capital expenditures in 2022, we expect this ratio to be below the Company's long-term target of 3.0x at the end of Fiscal 2022.

# Dividend History



\*Reflects Q1/Q2/Q3 dividend of CAD\$0.140 per share and Q4 dividend of CAD\$0.145 per share

\*\*Reflects Q1 dividend of CAD\$0.145 per share and Q2/Q3/Q4 dividend of CAD\$0.05 per share

\*\*\*Reflects Q1/Q2/Q3 dividend of CAD\$0.05 per share and Q4 dividend of CAD\$0.07 per share

\*\*\*\*Reflects Q1/Q2/Q3 dividend of CAD\$0.07 per share and Q4 dividend of CAD\$0.10 per share

On November 17, 2021, the Board approved a quarterly dividend of CAD\$0.10 per common share, a 42.9% or \$0.03 increase from the CAD\$0.07 per share dividend paid during the third quarter of 2021, reflecting the Board's recognition of the Company's continued strong performance and cash flow position.



# Appendix #1:

## Miscellaneous Company Information



# High Liner Foods



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

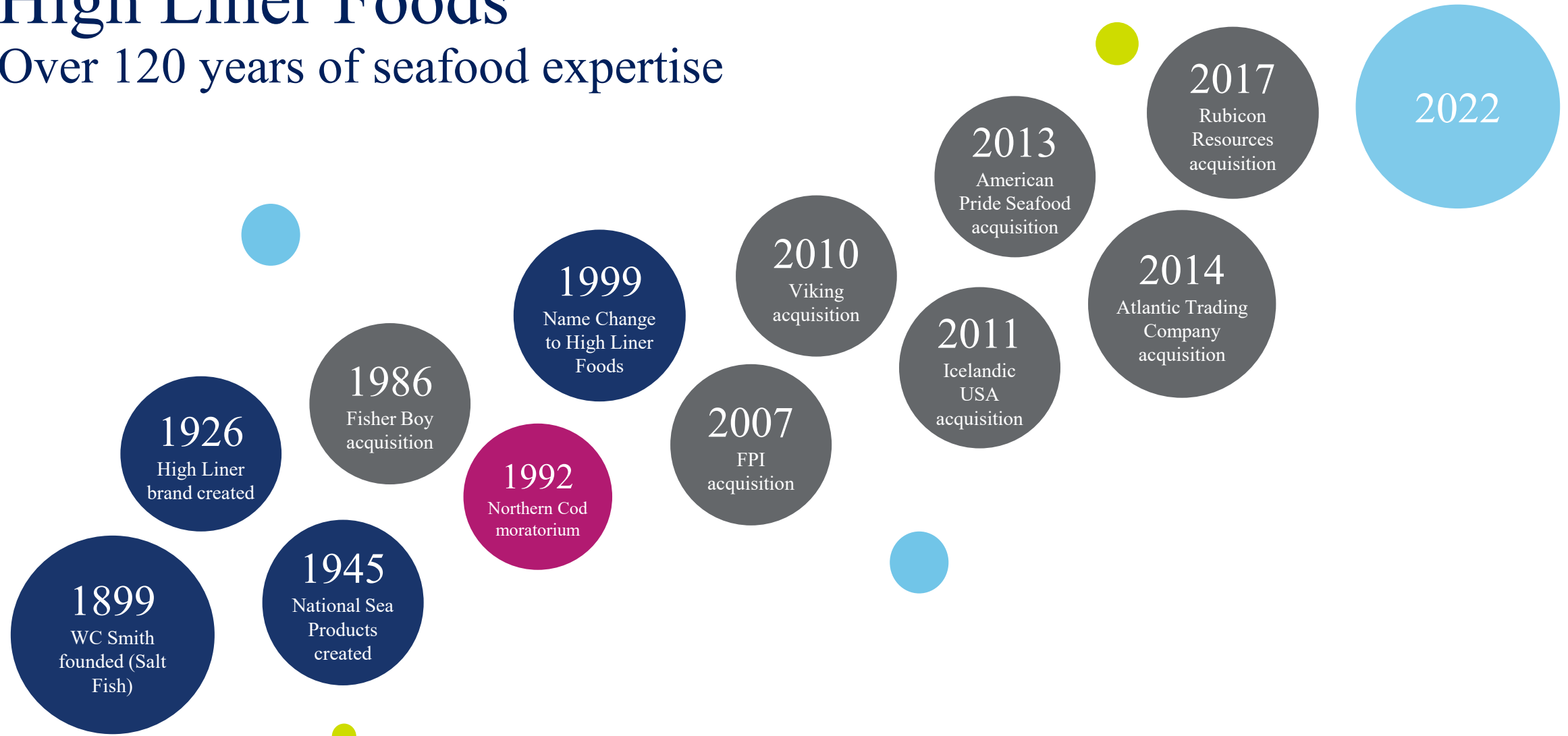
Current price	CAD\$11.39*
Shares outstanding	~33.3M
Market capitalization	~CAD\$379.4M
52-week range	CAD\$11.09 - \$15.36*
Annual dividend	CAD\$0.40 per share**
Current yield	3.5%

\* Source TSX, as of May 12, 2022

\*\* Effective November 2021 (CAD\$0.10 per share per quarter)

# High Liner Foods

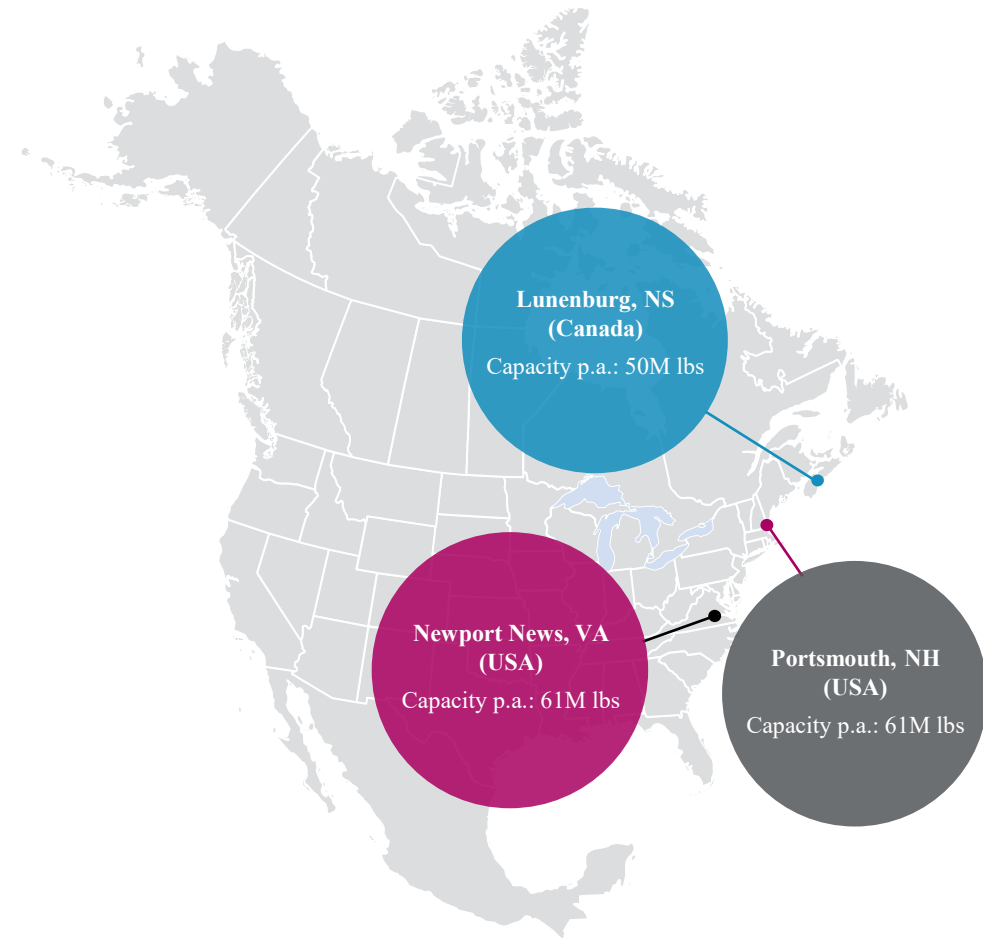
Over 120 years of seafood expertise



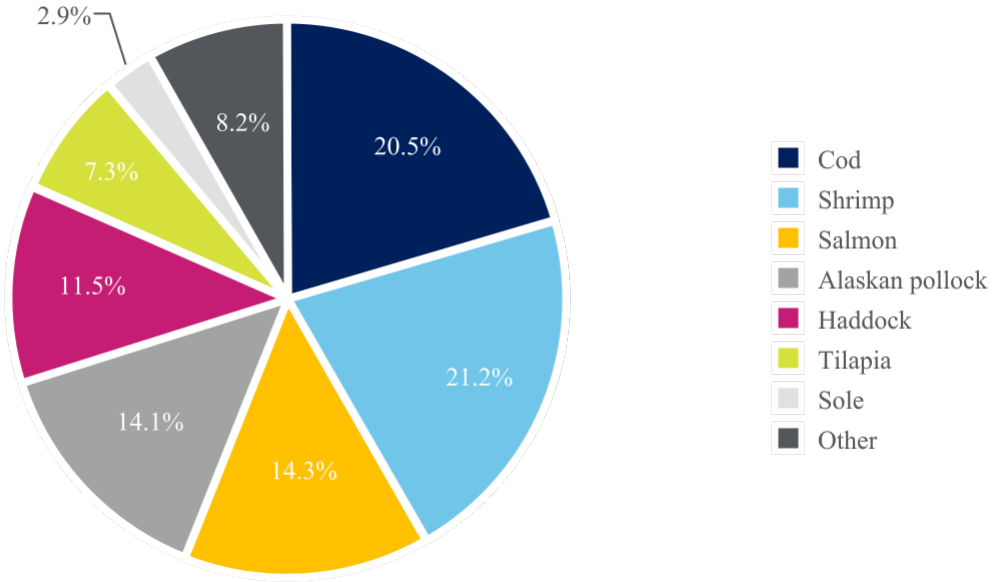
# Flexible, Integrated Operations

## 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 2021 Purchases (in USD)

- In 2021, the Company purchased approximately 157M lbs of seafood with an approximate value of \$449.6M, reflecting approximately 24 species from 23 different countries.
- Major species (6) accounted for ~78% of the total dollar purchases.

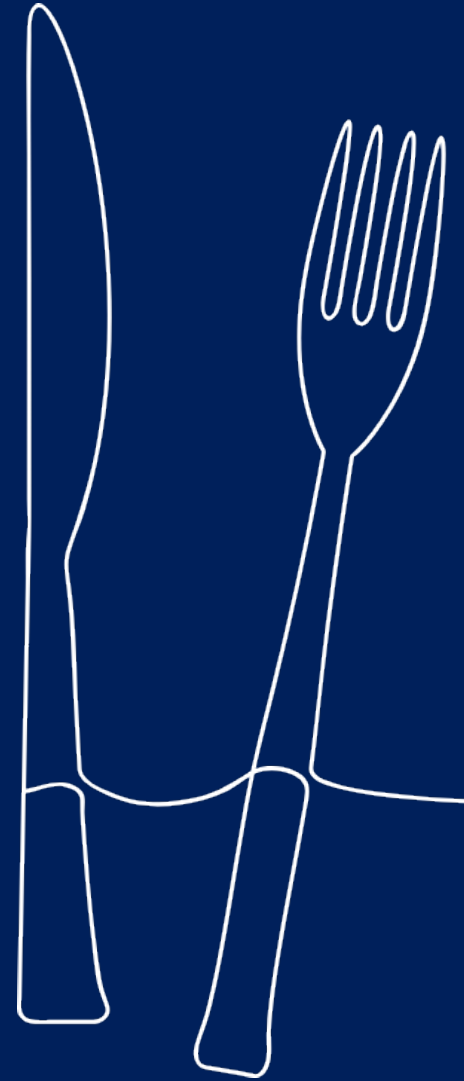
# Corporate Social Responsibility



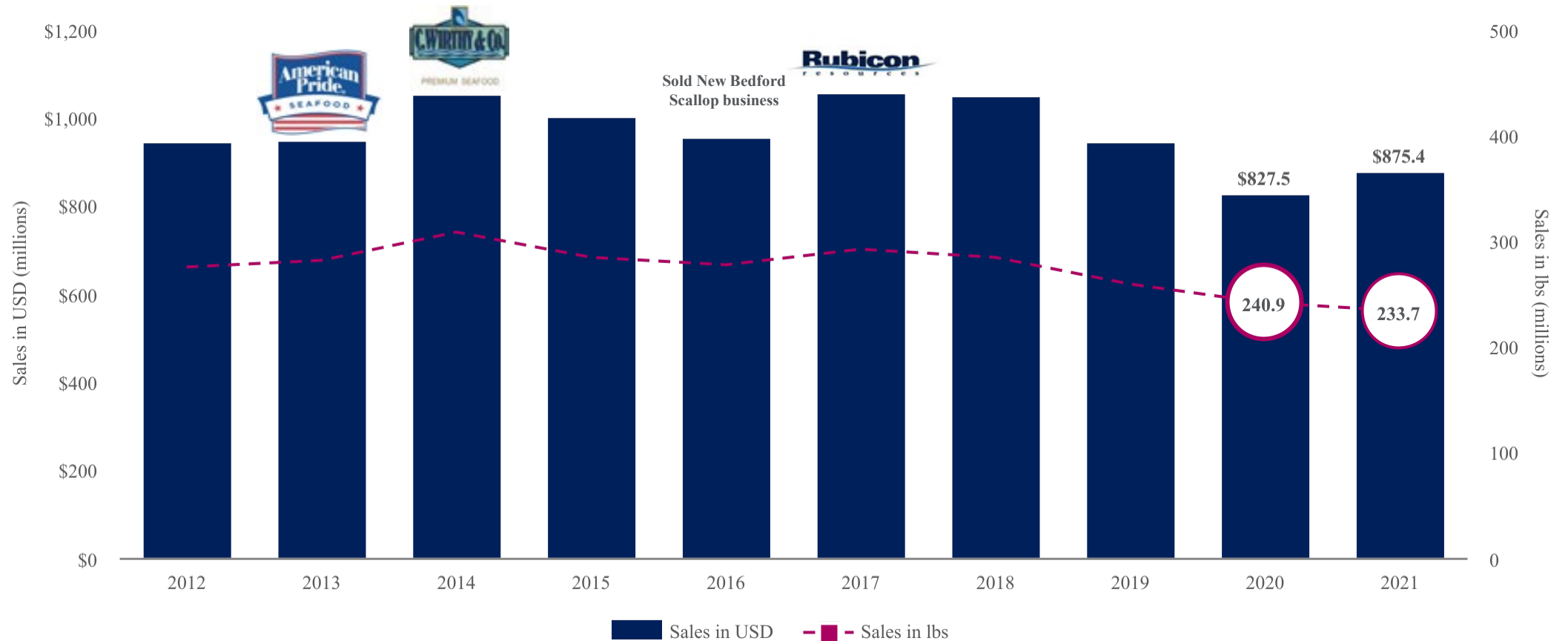
- Committed to sourcing all our seafood from “certified sustainable or responsible” fisheries and aquaculture
- Recognized as a global leader in driving best practice improvements in wild fisheries and aquaculture

# Appendix #1:

## Historical Financial Performance



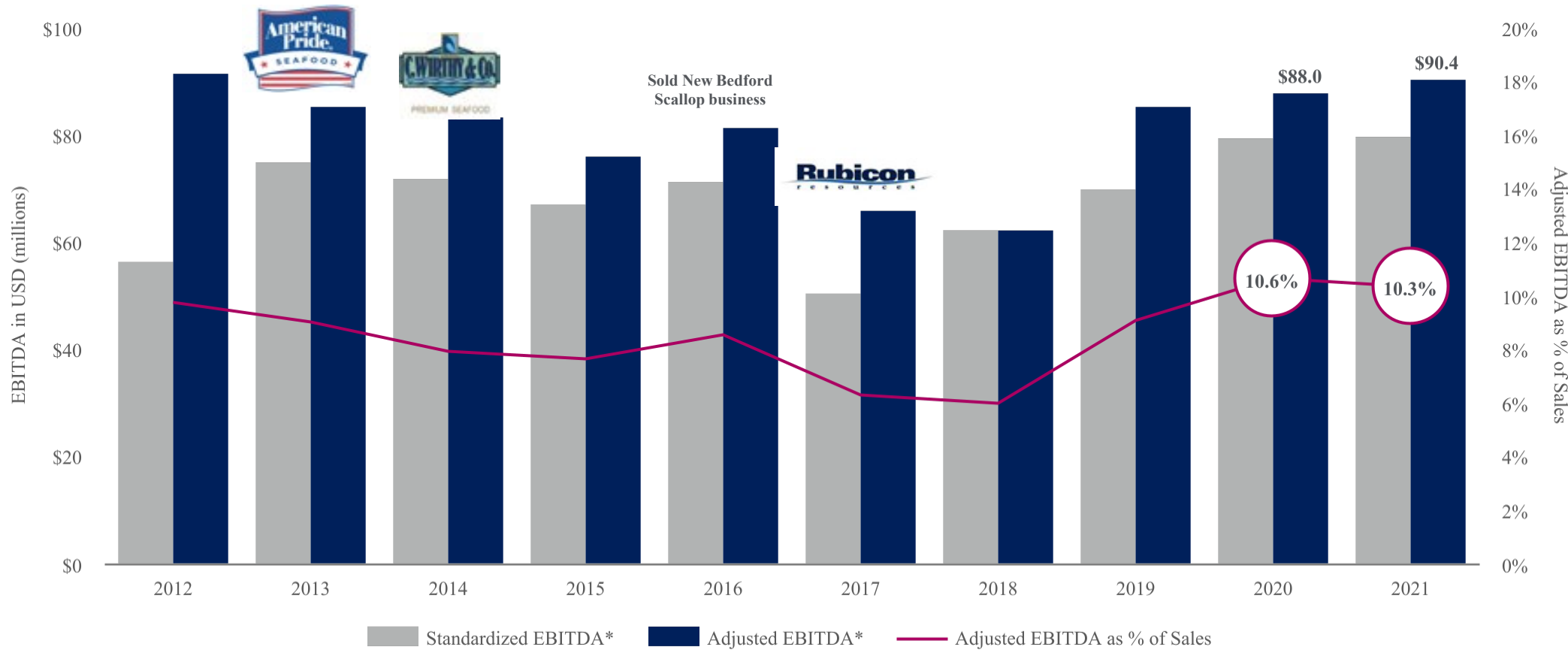
# 10 Year Sales History - Volume and USD





# 10 Year EBITDA History

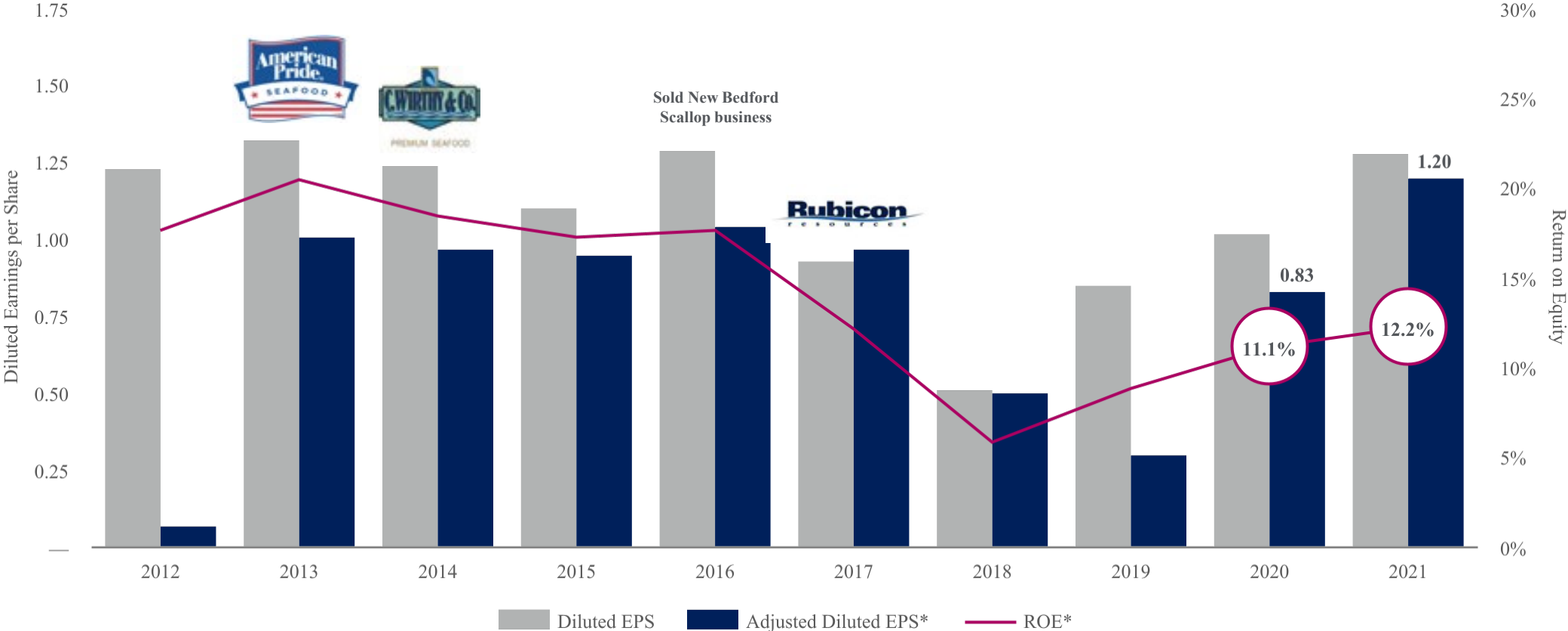
## Earnings before Interest, Taxes, Depreciation & Amortization



\*Please refer to the Company’s MD&A for Fiscal 2021 for definition of non-IFRS measures “Standardized EBITDA” and “Adjusted EBITDA”

# 10 Year EPS and ROE\* History

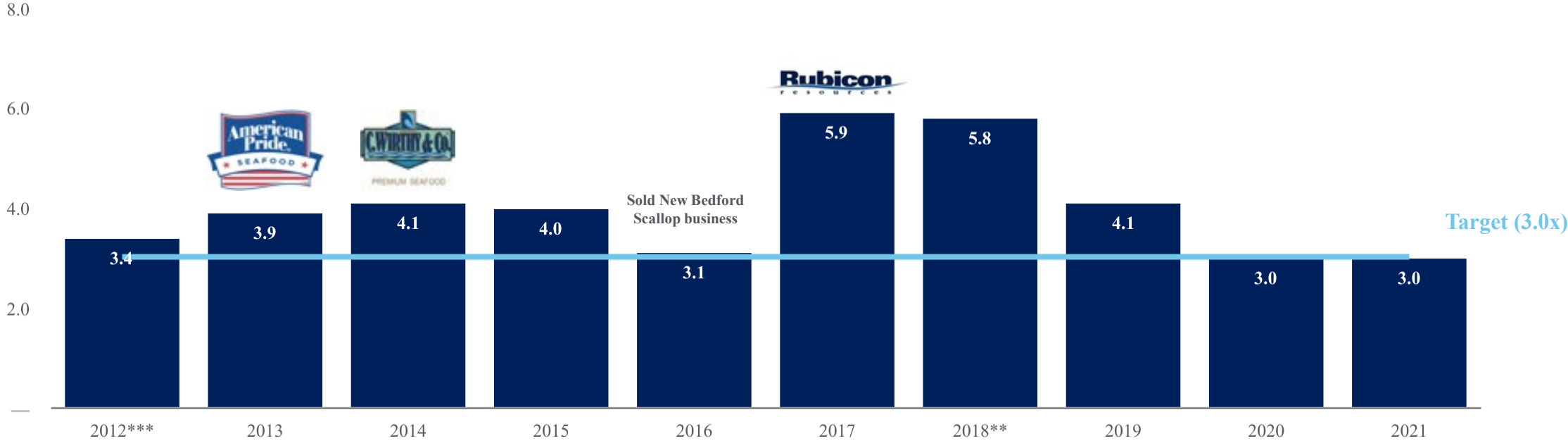
## Earnings per Share (EPS) and Return on Equity (ROE)



\*Please refer to the Company’s MD&A for Fiscal 2021 for definition of non-IFRS measures “Adjusted Diluted EPS” and “Return on Equity”

# 10 Year Debt Leverage Ratio

Net Debt to Rolling Twelve-Month Adjusted EBITDA\*



\*Please refer to the Company’s MD&A for Fiscal 2021 for definition of non-IFRS measures “Adjusted EBITDA” and “Net Debt”.  
 \*\*Does not include rolling twelve-month Adjusted EBITDA for Rubicon Resources, LLC (purchased May 30, 2017)  
 \*\*\*Pro forma Icelandic acquisition

In the absence of any major acquisitions or unplanned capital expenditures in 2022, we expect this ratio will be below the Company’s long-term target of 3.0x at the end of Fiscal 2022.

Thank you

Reimagining  
seafood to  
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