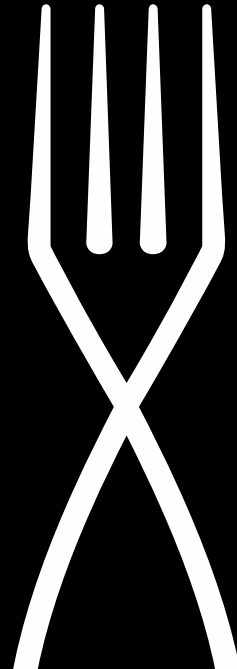




HIGH LINER
FOODSERVICE

RESOURCE UPDATE
MAY 2024



DO SEAFOOD FEARLESSLY™





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FOODSERVICE™

**WE CONTINUE TO TRANSFORM
OUR BUSINESS TO CREATE
INTEGRATED, EFFICIENT AND
RESILIENT OPERATIONS FROM
A SUPPLY CHAIN PERSPECTIVE**

**DIVERSIFICATION OF OUR
GLOBAL SUPPLY CHAIN AND
INVESTMENT IN NEW
SUPPLIER/PROCESSOR
RELATIONSHIPS WILL HELP
MITIGATE PROCUREMENT RISK**

DISCLAIMER

Due to the seasonal nature of our business and complex global supply chain dynamics, many external risks beyond our control can arise.

As your business partner, we do our best to ride that wave and mitigate risk to provide consistent quality and supply.

Our on-hand inventories fluctuate based on market favorability at the point of H&G purchase, plus transit time and further processing if required.

This report is a look forward and does not directly correlate with our buying patterns. The headlines shared do not reflect our inventory position.

Please contact your High Liner Foodservice Representative with questions about HLF's inventory/supply.



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OCEAN FREIGHT & LOGISTICS

OCEAN FREIGHT

Ocean freight rates have decreased slightly after peaking in Q1 2024 and are expected to return to Q3/Q4 2023 levels by the end of Q2 2024.

Geo-political: Red Sea conflicts are ongoing. 30% of world trade moved through the Suez Canal (Red Sea). All major carriers have halted their transits through this route, opting for alternate, safer, but longer routes. This is being treated as a long-term solution.

Environmental: Panama Canal droughts are improving. A return to full capacity is anticipated by early 2025.

Baltimore's Francis Scott Key Bridge collapse. Ongoing clean up efforts are slowly returning the port of Baltimore to pre-disaster levels. Most carriers are being redirected to nearby larger ports in New York, New Jersey and Virginia.

Potential Rail and Port Labor Disruption in Canada. Unionized employees at both major Canadian Class 1 railways as well as at the Vancouver and Montreal ports are threatening strike action. Negotiations are ongoing.

DOMESTIC FREIGHT

Analysts predict market is at the bottom and may start to slightly increase in the back half of 2024. Currently fuel is holding stable and domestic rates are expected hold stable through Q2 and Q3 as demand is limited.

STORAGE

2024 increases have been inflationary only and are expected to remain stable.



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FISH/SEAFOOD COMMODITY UPDATE

Twice-Frozen (2X) Atlantic Cod

Demand is very high as Russian-harvested fish is no longer an option for US distributors. As a result, pricing is expected to reach historic highs on Norwegian offerings. Minimal availability of Norwegian H&G is expected through Q4. Confirmed 20% quota reduction for 2024.

Twice-Frozen (2X) Pacific Cod

The ban on Russian-harvested fish imported to the USA continues to negatively impact global prices and supply. Despite stable quotas for Alaskan P Cod, prices are expected to increase due to limited supply and increased demand. H&G prices are expected to reach historic highs by Q4 and remain that way for the foreseeable future.

Once-Frozen (1X) Cod

Demand for fresh product in the EU, US and Canada is steady. Prices for frozen Cod are stable, prices for frozen-at-sea products are strong as there is very limited inventory. Demand for frozen fillet, portion and block is strong in the UK but steady in the USA resulting in prices that are currently stable but expected to climb as US customers start looking for alternatives to 2X Russian-harvested Cod.

Twice-Frozen (2X) Haddock

Demand is flat but H&G prices are expected to increase through Q4 as a result of the Russian ban on Cod & Pollock putting increased pressure on Haddock as an alternative species.

Once-Frozen (1X) Haddock

Stock levels are healthy. Approximately 8 months into the 2024 season and 80% of quota has been harvested. Demand for fresh product is stable in Europe and prices are in balance. Frozen product prices are also stable but expected to firm up in the US as customers start looking for alternatives to Russian 2X cod.



Twice-Frozen (2X) Pollock

The market is still unsettled following the Executive Order banning the import of Russian-sourced Pollock into the USA. Prices for 2X Pollock block and IQF have increased 30-40% since the end of 2023. Recent quotes have the 2X frozen product priced higher than the 1X product which is unprecedented but expected to be short term as the market settles. Russian H&G prices have decreased due to oversupply and low global demand.

Once-Frozen (1X) Pollock

Alaskan B season will start in mid-June. Pricing is expected to increase slightly over A season. Demand remains soft. Supply is normalizing as inventory levels are improving. It is anticipated that producers seeking alternatives to Russian-harvested 2X Pollock, will move to 1X Pollock, causing prices to hold firm.

Sole/Flounder

Alaskan fishing season has been favorable to date and landings continue to increase despite some harvesters opting not to participate due to low returns. Inventory levels are stabilizing, supply is generally good **on the smaller sized fillets (1-4 oz)**, and prices remain stable. Supply is improving for the larger fillet sizes (5-8 oz) with recent higher landings.

Scallops

The 2024 USA quota has been increased by 2.7M lbs while the Canadian quota was decreased by 8%. Demand for smaller sizes continues to be high, with limited supply, which is expected to worsen through the end of Q4 due to growth. Frozen-at-Sea 20/30's are available but in limited amounts. Prices across all sizes are high and expected to remain that way for the balance of the year. Larger sizes have seen a decrease in price as compared to 2023 but remain high.



Pacific Salmon

The 2024 Pacific Salmon harvesting season is expected to yield low volume and prices are expected to increase similar to other Alaskan species, due to high demand and limited supply exacerbated by the ban on Russian-sourced products.

Southern Blue Whiting/Blue Cod

Prices are currently stable with good supply. 2024 catch season is August to October. Historically only 60-70% of the quota has been harvested. Demand may increase if producers seeking alternative species to the A/P Cod supply affected by the ban on Russian-sourced products turn to Blue Whiting.



Atlantic Salmon

The market is strong with a slight increase in pricing which is now expected to hold firm. Supply and demand are holding stable for Chilean Salmon with prices expected to hold firm in the coming months. Harvesting in Norway/Faroe Islands is ongoing, and supply is favorable. Effects of the newly imposed tax by the Norwegian government on farmers remains to be seen but will affect pricing for Atlantic Salmon from the Faroe Island/Norway.

Tilapia

China:

Raw material pricing remains low. In an effort to improve profitability, farmers have seeded less and are not harvesting smaller sized fish. This is creating a supply shortage in smaller sized fish but is expected to be short lived. Demand is strong as importers are worried about shipping cost increasing.

Indonesia:

Demand for loins continues to increase. Pricing is holding firm and expected to hold through 2024. There has been a decrease in demand for Tilapia portions. Excess supply exists.

Pangasius/Basa

Global demand for Pangasius is steady and improving. Supply issues are anticipated in Q3 2024 as a result of farmers not restocking their ponds last year due to the decline in Basa exports. Increased pricing is expected during this period. Prices are projected to increase as pangasius is seen as an alternative species to pollock and cod resulting from the Russian ban.



White Shrimp

The summer harvest season is underway with good growth rates of healthy shrimp. Harvest volumes are predicted to be similar to last year. This main harvest is expected to run through August, then farmers will refresh and reseed their ponds for the fall season. Farmers continue to be challenged on profitability as global demand and sales remain soft resulting in low prices. Shrimp continues to be a very good value protein.

Preliminary Countervailing Duties have been announced for the four countries in South America and Asia named in the ASPA petition. The rates have been confirmed at 2-3% depending on the country.

On May 23 preliminary Anti-Dumping duty rates were announced by DOC for Ecuador and Indonesia. Ecuador's country wide rate was determined to be 10.58% and Indonesia's country rate at 6.30%. These rates will affect price offers from these origins and likely will negatively impact output volume into the USA.

Black Tiger Shrimp

Supply levels and harvesting remain low as is typical this at the point in the Black Tiger cycle. Improved harvest levels are expected in late June for smaller size BT and will run through Sept/Oct for large sizes. Recent improvement in global demand for most markets, especially Japan and China is expected to continue. Pricing are expected to remain stable through Q3.



**IF LOVING
SEAFOOD IS
WRONG, WE
DON'T WANT
TO BE RIGHT!**

DO SEAFOOD FEARLESSLY™



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THANK YOU,

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