

# HIGH LINER REPORTS OPERATING RESULTS FOR THE THIRD QUARTER OF 2024

## Margin Improvements Lead to EBITDA Growth Over Prior Year

### Announces Dividend Increase of \$0.02, or 13.3%

LUNENBURG, NS, Nov. 8, 2024 /CNW/ - High Liner Foods Incorporated (TSX: HLF) ("High Liner Foods" or the "Company"), a leading North American value-added frozen seafood company, today announced financial results for the thirteen and thirty-nine weeks ended September 28, 2024. The Company also announced a dividend increase of CAD \$0.02 per share, representing 13.3% increase.

"During the third quarter we delivered another quarter of Adjusted EBITDA growth as well as sequential improvement to sales and volume," said Paul Jewer, President, and Chief Executive Officer of High Liner Foods. "We are executing well to meet the evolving needs of our customers and consumers across both retail and foodservice. Our promotional strategies are driving expanded distribution and supporting top line recovery. While market conditions remain challenging, I am encouraged by our gains this quarter and believe we are well positioned to continue this positive trajectory."

Key financial results, reported in U.S. dollars ("USD"), for the thirteen weeks ended September 28, 2024, or the third quarter of 2024, are as follows (unless otherwise noted, all comparisons are relative to the third quarter of 2023):

- Adjusted EBITDA<sup>(1)</sup> increased by \$1.5 million, or 7.5%, to \$21.5 million compared to \$20.0 million, and Adjusted EBITDA as a percentage of sales increased to 9.4% compared to 7.7%;
- Net income<sup>(2)</sup> increased by \$12.8 million, or 232.7%, to \$18.3 million compared to \$5.5 million and diluted earnings per share ("EPS") increased to \$0.61 per share, compared to \$0.16 per share;
- Adjusted Net Income<sup>(1)</sup> increased by \$0.7 million, or 14.3%, to \$5.6 million compared to \$4.9 million and Adjusted Diluted EPS<sup>(1)</sup> increased to \$0.20 per share compared to \$0.14 per share;
- Gross profit decreased by \$1.3 million, or 2.6%, to \$48.3 million compared to \$49.6 million, however gross profit as a percentage of sales increased to 21.1% compared to 19.1%;
- Sales volume decreased by 4.2 million pounds, or 6.9%, to 56.8 million pounds compared to 61.0 million pounds and sales decreased by \$30.8 million, or 11.9%, to \$228.9 million compared to \$259.7 million;
- Cash Flows from Operations decreased by \$40.6 million, or 75.2%, to an inflow of \$13.4 million compared to an inflow of \$54.0 million; and
- Net Debt<sup>(1)</sup> to Rolling Twelve-Month Adjusted EBITDA<sup>(1)</sup> was 2.4x at September 28, 2024 compared to 2.6x at the end of Fiscal 2023 and 3.7x at end of Fiscal 2022.

Key financial results, reported in U.S. dollars ("USD"), for the thirty-nine weeks ended September 28, 2024, or Fiscal 2024, are as follows (unless otherwise noted, all comparisons are relative to the thirty-nine weeks ended September 30, 2023, or "Fiscal 2023"):

- Adjusted EBITDA<sup>(1)</sup> increased by \$6.4 million, or 8.7%, to \$79.6 million compared to \$73.2 million, and Adjusted EBITDA as a percentage of sales<sup>(1)</sup> increased to 11.0% compared to 8.7%;
- Net income<sup>(2)</sup> increased by \$28.9 million, or 114.2%, to \$54.2 million compared to \$25.3 million and diluted earnings per share ("EPS") increased to \$1.69 per share compared to \$0.73 per share;

- Adjusted Net Income<sup>(1)</sup> increased by \$4.0 million, or 12.7%, to \$35.4 million compared to \$31.4 million and Adjusted Diluted EPS<sup>(1)</sup> increased to \$1.10 per share compared to \$0.91 per share.
- Gross profit decreased by \$3.7 million, or 2.2%, to \$166.3 million compared to \$170.0 million, while gross profit as a percentage of sales increased to 23.0% compared to 20.2%;
- Sales volume decreased by 22.0 million pounds, or 11.1%, to 175.4 million pounds compared to 197.4 million pounds and sales decreased by \$119.0 million, or 14.1%, to \$724.2 million compared to \$843.2 million; and
- Cash Flows from Operations decreased by \$42.4 million, or 37.7%, to an inflow of \$70.0 million compared to an inflow of \$112.4 million.

<sup>(1)</sup> This is a non-IFRS financial measure. For more information on non-IFRS financial measures, see "Non-IFRS Measures" below and see "Non-IFRS Financial Measures" in our Third Quarter 2024 Management's Discussion and Analysis ("3Q2024 MD&A").

<sup>(2)</sup> For the thirty-nine weeks ended September 28, 2024, this amount includes a gain of \$9.8M relating to the shares reacquired in result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. For the thirteen and thirty-nine weeks ended September 28, 2024, this amount includes a gain of \$12.7 million on the modification of debt related to the debt refinancing completed in July 2024.

## Financial Results and Operational Update

For the purpose of presenting the Consolidated Financial Statements in USD, CAD-denominated assets and liabilities in the Company's operations are converted using the exchange rate at the reporting date, and revenue and expenses are converted at the average exchange rate of the month in which the transaction occurs. As such, foreign currency fluctuations affect the reported values of individual lines on our balance sheet and income statement. When the USD strengthens (weakening CAD), the reported USD values of the Parent's CAD-denominated items decrease in the Consolidated Financial Statements, and the opposite occurs when the USD weakens (strengthening CAD).

Investors are reminded for purposes of calculating financial ratios, including dividend payout and share price-to-earnings ratios, to take into consideration that the Company's share price and dividend rate are reported in CAD and its earnings, EPS and financial statements are reported in USD.

The financial results in USD for the thirteen and thirty-nine weeks ended September 28, 2024 and September 30, 2023 are summarized in the following table:

(Amounts in 000s, except per share amounts, unless otherwise noted)	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Sales volume (millions of lbs)	56.8	61.0	175.4	197.4
Average foreign exchange rate (USD/CAD)	1.3641	1.3414	1.3604	1.3456
Sales	\$ 228,884	\$ 259,699	\$ 724,179	\$ 843,212
Gross profit	\$ 48,346	\$ 49,644	\$ 166,306	\$ 170,032
Gross profit as a percentage of sales	21.1 %	19.1 %	23.0 %	20.2 %
Adjusted EBITDA	\$ 21,493	\$ 19,974	\$ 79,557	\$ 73,205
Adjusted EBITDA as a percentage of sales	9.4 %	7.7 %	11.0 %	8.7 %
Net income	\$ 18,347	\$ 5,486	\$ 54,236	\$ 25,261
Diluted EPS	\$ 0.61	\$ 0.16	\$ 1.69	\$ 0.73
Adjusted Net Income	\$ 5,601	\$ 4,906	\$ 35,430	\$ 31,387
Adjusted Diluted EPS	\$ 0.20	\$ 0.14	\$ 1.10	\$ 0.91
Diluted weighted average number of shares outstanding	30,509	34,001	32,180	34,092

Sales volume for the thirteen weeks ended September 28, 2024, or the third quarter of 2024, decreased by 4.2 million pounds, or 6.9%, to 56.8 million pounds compared to 61.0 million pounds in the thirteen weeks ended September 30, 2023, due to customer and consumer pull back and the continued impact of a decline in contract manufacturing business and exiting of low margin business. In the Company's retail business, while High Liner Foods experienced year over year decline in

volumes, the Company once again expanded distribution in strategic areas including club and premium offerings. In the Company's foodservice business, High Liner Foods saw continued success of new value-added innovations in terms of volume and expanded distribution, and saw continued growth in alternative species despite the overall year-over-year decline in volume.

Sales in the third quarter of 2024 decreased by \$30.8 million, or 11.9%, to \$228.9 million compared to \$259.7 million in the same period in 2023, driven by volume declines amid challenging market conditions and reduced pricing reflecting deflationary markets. Given the highly promotional and price sensitive retail and foodservice markets, the Company continues to take actions on promotions, innovation and distribution to strengthen its competitive positioning and mitigate the impact of external pressures while preserving profitability. The weaker Canadian dollar in the first three quarters of 2024 compared to the same period in 2023 decreased the value of reported USD sales from our CAD-denominated operations by approximately \$1.0 million relative to the conversion impact last year.

Gross profit in the third quarter of 2024 decreased by \$1.3 million to \$48.3 million compared to \$49.6 million in the same period in 2023 and gross profit as a percentage of sales increased by 200 basis points to 21.1% compared to 19.1%. The decrease in gross profit reflects the decline in sales volume previously mentioned. This was partially mitigated by the benefit of lower inventory levels, lower raw material costs and the favourable changes in the product mix reflected in the improved gross profit as a percentage of sales. In addition, the weaker Canadian dollar decreased the value of reported USD gross profit from our CAD-denominated operations by \$0.2 million relative to the conversion impact last year.

Adjusted EBITDA in the third quarter of 2024 increased by \$1.5 million to \$21.5 million compared to \$20.0 million in the same period in 2023 and Adjusted EBITDA as a percentage of sales increased to 9.4% compared to 7.7%. The increase in Adjusted EBITDA reflects favourable distribution expenses and lower net SG&A expenses, partially offset by lower gross profit.

Reported net income in the third quarter of 2024 increased by \$12.8 million to net income of \$18.3 million (diluted EPS of \$0.61) compared to \$5.5 million (diluted EPS of \$0.16) in the same period in 2023. The increase in net income reflects the increase in Adjusted EBITDA discussed previously, a \$13.0 million gain on the modification of long term debt recorded in finance costs (income), lower depreciation and amortization costs and an increase in business acquisition, integration and other (income) expense, partially offset by higher income taxes.

Reported net income in the third quarter of 2024 and 2023 included certain non-routine expenses classified as "business acquisition, integration and other expense (income)." Excluding the impact of these non-routine items or other non-cash expenses, and share-based compensation, Adjusted Net Income in the third quarter of 2024 increased by \$0.7 million, or 14.3% to \$5.6 million compared to \$4.9 million in the same period in the prior year and Adjusted Diluted EPS increased \$0.06 in the third quarter of 2024 to \$0.20 as compared to \$0.14 in the same period in the prior year.

Net cash flows provided by operating activities in the third quarter of 2024 decreased by \$40.6 million to an inflow of \$13.4 million compared to an inflow of \$54.0 million in the same period in 2023 despite higher net income and lower interest paid. This is due to net changes in non-cash working capital balances. Capital expenditures were \$17.2 million in the first three quarters of 2024 compared to \$13.1 million in the prior year reflecting the continued significant investment in the business.

Net Debt decreased by \$10.3 million to \$239.6 million at September 28, 2024 compared to \$249.9 million at December 30, 2023, reflecting lower bank loans, long-term debt, lease liabilities, and a higher cash balance as at September 28, 2024.

Net Debt to Rolling Twelve-Month Adjusted EBITDA was 2.4x at September 28, 2024 compared to

2.6x at the end of Fiscal 2023 and 3.7x at December 31, 2022. The ratio has continued to improve in 2024 due to lower net debt and higher Rolling Twelve-Month Adjusted EBITDA compared to Fiscal 2023. In the absence of any major acquisitions or unplanned capital expenditures in 2024, we expect this ratio to continue to be lower than the Company's long-term target of 3.0x at the end of Fiscal 2024.

### **Refinancing of term loan facility**

As previously disclosed, during the third quarter, the Company also completed a refinancing of its Term Loan B. The \$240 million Term Loan B was refinanced to bear interest at SOFR plus 3.25% with a SOFR floor of 0.50%, which represents a 60-basis point reduction that replaces the prior interest rate of SOFR plus 3.75% and the 0.10% credit spread adjustment with a SOFR floor of 0.75%. The maturity was also extended from October 2026 to July 2031. The Company anticipates saving approximately \$1.4 million in annual cash interest expenses based on current borrowings and SOFR rates.

"As noted last quarter, the early refinancing of our Term Loan B was oversubscribed, demonstrating the confidence of our lender community in our business," said Darryl Bergman, Chief Financial Officer of High Liner Foods. "The refinancing provides High Liner Foods with continued financial stability and a platform to execute on our organic and accelerated growth strategies."

### **Outlook**

"Our solid third quarter performance, in addition to strong performance in the first half of the year, reinforces my confidence in the outlook for our business," said Mr. Jewer. "With a strong balance sheet, low debt ratio and strong free cash flow generation, we remain well positioned to navigate short-term market challenges, support the continued improvement in the topline of our business and deliver year over year Adjusted EBITDA growth, while continuing to advance our strategy to support long-term value creation for our business."

The Company is focused on executing against its branded and value-added strategy and 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. In addition, High Liner Foods continues to explore opportunities across the value-chain to position the Company for long-term growth, through potential M&A activities, as illustrated by High Liner Foods' investments in aquaculture leaders, Norcod and Andfjord during the first half of the year.

The Company cautions that additional challenges in the geopolitical and economic environment may impact the timeline for improvements to its financial performance and growth agenda.

### **Dividend**

Today, the Company's Board of Directors approved a quarterly dividend of CAD \$0.17 per share on the Company's common shares, payable on December 15, 2024 to holders of record on December 1, 2024. These dividends are considered "eligible dividends" for Canadian income tax purposes. The quarterly dividend of CAD \$0.17 per share represents a CAD \$0.02 increase from the CAD \$0.15 per share quarterly dividend paid during the third quarter of 2024 and reflects the Board's continued confidence in the Company's operations.

"High Liner Foods continues to demonstrate its resilience and agility, navigating market challenges and driving improved performance," said Robert Pace, Chair of High Liner Foods' Board of Directors. "Today's dividend increase reflects the Board's confidence in the Company's outlook for improved performance and our ability to return capital to shareholders while preserving our balance sheet strength and investing in growth."

### **Normal Course Issuer Bid**

The Company intends to file an amended notice of intention with the Toronto Stock Exchange ("TSX") to increase the size of its Normal Course Issuer Bid ("NCIB") from 700,000 common shares to a newly authorized limit of 1,643,340, representing approximately 5% of the common shares outstanding as of May 24, 2024. The amendment of the Company's NCIB is subject to the approval of the TSX in all respects.

## **Conference Call**

The Company will host a conference call on Friday, November 8, 2024, at 2:00 p.m. ET (3:00 p.m. AT) during which Paul Jewer, Chief Executive Officer, Darryl Bergman, Chief Financial Officer and Anthony Rasetta, Chief Commercial Officer, will discuss the financial results for the third quarter of 2024. To access the conference call by telephone, dial 1-416-945-7677 or 1-888-699-1199. Please connect approximately 10 minutes prior to the beginning of the call to ensure participation. The conference call will be archived for replay by telephone until Sunday, December 8, 2024 at midnight (ET). To access the archived conference call, dial 1-888-660-6345 and enter the replay entry code 20102#.

A live audio webcast of the conference call will be available at [www.highlinerfoods.com](http://www.highlinerfoods.com). Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast.

The Company's Unaudited Condensed Interim Consolidated Financial Statements and MD&A as at and for the thirteen and thirty-nine weeks ended September 28, 2024 were filed concurrently on SEDAR+ with this news release and are also available at [www.highlinerfoods.com](http://www.highlinerfoods.com).

## **Non-IFRS Measures**

The Company reports its financial results in accordance with International Financial Reporting Standards ("IFRS"). Included in this media release are the following non-IFRS financial measures: Adjusted EBITDA, Adjusted EBITDA as a Percentage of Net Sales, Adjusted Net Income, Adjusted Diluted EPS, Net Debt and Net Debt to Rolling Twelve-Month Adjusted EBITDA. The Company believes these non-IFRS financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below. These measures do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS.

### **Adjusted EBITDA and Adjusted EBITDA as a Percentage of Sales**

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for items that are not considered representative of ongoing operational activities of the business. The related margin, Adjusted EBITDA as a Percentage of Sales, is defined as Adjusted EBITDA divided by net sales, where net sales is defined as "Sales" on the consolidated statements of income.

We use Adjusted EBITDA (and Adjusted EBITDA as a percentage of sales) as a performance measure as it approximates cash generated from operations before capital expenditures and changes in working capital, and it excludes the impact of expenses and recoveries associated with certain non-routine items that are not considered representative of the ongoing operational activities, as discussed above, and share-based compensation expense related to the Company's share price. We believe investors and analysts also use Adjusted EBITDA (and Adjusted EBITDA as a percentage of sales) to evaluate the performance of our business. The most directly comparable IFRS measure to Adjusted EBITDA is "Net income" on the consolidated statements of income. Adjusted EBITDA is also useful when comparing to other companies, as it eliminates the differences

in earnings that are due to how a company is financed. Also, for the purpose of certain covenants on our credit facilities, "EBITDA" is based on Adjusted EBITDA, with further adjustments as defined in the Company's credit agreements.

The following table reconciles Adjusted EBITDA with measures in our Consolidated Financial Statements and calculates Adjusted EBITDA as a Percentage of Sales.

(Amounts in \$000s)	Thirteen weeks ended	
	September 28, 2024	September 30, 2023
<b>Net income</b>	\$ 18,347	\$ 5,486
Add back (deduct):		
Depreciation and amortization expense	5,917	6,367
Finance costs <sup>(1)</sup>	(7,997)	6,502
Income tax expense	4,804	2,044
<b>Standardized EBITDA</b>	<b>21,071</b>	<b>20,399</b>
Add back (deduct):		
Business acquisition, integration and other expenses (income) <sup>(2)</sup>	232	1,044
Loss on disposal of assets	135	133
Share-based compensation expense (recovery)	55	(1,602)
<b>Adjusted EBITDA</b>	<b>\$ 21,493</b>	<b>\$ 19,974</b>
<b>Net Sales</b>	<b>\$ 228,884</b>	<b>\$ 259,699</b>
<b>Adjusted EBITDA as Percentage of Sales</b>	<b>9.4 %</b>	<b>7.7 %</b>

(Amounts in \$000s)	Thirty-nine weeks ended	
	September 28, 2024	September 30, 2023
<b>Net income</b>	\$ 54,236	\$ 25,261
Add back (deduct):		
Depreciation and amortization expense	17,191	18,396
Finance costs <sup>(1)</sup>	3,032	20,361
Income tax expense	9,927	1,768
<b>Standardized EBITDA</b>	<b>84,386</b>	<b>65,786</b>
Add back (deduct):		
Business acquisition, integration and other expenses (income) <sup>(2)</sup>	(8,760)	6,660
Loss (gain) on disposal of assets	349	(42)
Share-based compensation expense	3,582	801
<b>Adjusted EBITDA</b>	<b>\$ 79,557</b>	<b>\$ 73,205</b>
<b>Net Sales</b>	<b>\$ 724,179</b>	<b>\$ 843,212</b>
<b>Adjusted EBITDA as a Percentage of Sales</b>	<b>11.0 %</b>	<b>8.7 %</b>

<sup>(1)</sup> Finance Costs for the thirteen and thirty-nine weeks ended September 28, 2024 include a gain of \$12.7 million on the modification of debt related to the debt refinancing completed in July 2024.

<sup>(2)</sup> The business acquisition, integration and other expenses (income) for the thirty-nine weeks ended September 28, 2024, include includes a gain of \$9.8 million relating to the shares reacquired in result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. For the thirteen and thirty-nine weeks ended September 30, 2023 this amount includes legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn.

## Rolling Twelve-Month Adjusted EBITDA

(Amounts in \$000s)	Rolling twelve months ended		
	September 28, 2024	December 30, 2023	September 30, 2023
<b>Net income</b>	\$ 60,652	31,677	36,392
Add back (deduct):			
Depreciation and amortization expense	25,168	26,373	24,566
Finance costs	8,849	26,178	26,312
Income tax expense	10,593	2,434	2,075
<b>Standardized EBITDA</b>	<b>105,262</b>	<b>86,662</b>	<b>89,345</b>
Add back (deduct):			
Business acquisition, integration and other (income) expenses <sup>(1)</sup>	(8,350)	7,070	7,605
Impairment of property, plant and equipment	—	—	164
Loss on disposal of assets	282	(109)	(12)

Share-based compensation expense		4,250	1,469	1,488
<b>Rolling Twelve-Month Adjusted EBITDA</b>	<b>\$</b>	<b>101,444</b>	<b>95,092</b>	<b>98,590</b>

(1) Finance Costs for the rolling twelve months ended September 28, 2024 include a gain of \$12.7 million on the modification of debt related to the debt refinancing completed in July 2024.

(2) The business acquisition, integration and other (income) expenses for the rolling twelve months ended September 28, 2024 includes a gain of \$9.8 million relating to the shares reacquired in result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. For the rolling twelve months ended December 30, 2023 and September 30, 2023 this amount includes legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn.

## Adjusted Net Income and Adjusted Diluted EPS

Adjusted Net Income is net income adjusted for the after-tax impact of items which are not representative of ongoing operational activities of the business and certain non-cash expenses or income. Adjusted Diluted EPS is Adjusted Net Income divided by the average diluted number of shares outstanding.

We use Adjusted Net Income and Adjusted Diluted EPS to assess the performance of our business without the effects of the above-mentioned items, and we believe our investors and analysts also use these measures. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. The most comparable IFRS financial measures are net income and EPS.

The table below reconciles our Adjusted Net Income with measures that are found in our Consolidated Financial Statements and calculates Adjusted Diluted EPS.

	Thirteen weeks ended			Thirteen weeks ended		
	September 28, 2024			September 30, 2023		
	\$000s	Adjusted Diluted EPS		\$000s	Adjusted Diluted EPS	
<b>Net income</b>	\$ 18,347	\$ 0.61	\$	5,486	\$ 0.16	\$
Add back (deduct):						
Business acquisition, integration and other (income) expenses (1)	232	0.01		1,044	0.03	
Share-based compensation expense (recovery)	55	—		(1,602)	(0.05)	
Modification gain on debt refinancing activities (2)	(13,033)	(0.42)		—	—	
Tax impact of reconciling items	—	—		(22)	—	
<b>Adjusted Net Income</b>	<b>\$ 5,601</b>	<b>\$ 0.20</b>	<b>\$</b>	<b>4,906</b>	<b>\$ 0.14</b>	<b>\$</b>
<b>Average shares for the period (000s)</b>		<b>30,509</b>			<b>34,001</b>	

	Thirty-nine weeks ended			Thirty-nine weeks ended		
	September 28, 2024			September 30, 2023		
	\$000s	Adjusted Diluted EPS		\$000s	Adjusted Diluted EPS	
<b>Net income</b>	\$ 54,236	\$ 1.69	\$	25,261	\$ 0.73	\$
Add back (deduct):						
Business acquisition, integration and other (income) expenses (1)	(8,760)	(0.27)		6,660	0.19	
Share-based compensation expense	3,582	0.11		801	0.02	
Modification gain on debt refinancing activities (2)	(13,033)	(0.41)		—	—	
Tax impact of reconciling items	(595)	(0.02)		(1,335)	(0.03)	
<b>Adjusted Net Income</b>	<b>\$ 35,430</b>	<b>\$ 1.10</b>	<b>\$</b>	<b>31,387</b>	<b>\$ 0.91</b>	<b>\$</b>
<b>Average shares for the period (000s)</b>		<b>32,180</b>			<b>34,092</b>	

(1) The business acquisition, integration and other expenses (income) for the thirty-nine weeks ended September 28, 2024 include a gain of \$9.8 million relating to the shares reacquired in result of the litigation settlement reached between High Liner Foods and the former shareholders of Rubicon. For the thirteen and thirty-nine weeks ended ended September 30, 2023, this amount includes legal and consulting fees relating to the lawsuit High Liner Foods filed against Mr. Brian Wynn.

(2) Modification gain on debt refinancing activities for the thirteen and thirty-nine weeks ended September 28, 2024 includes a gain of \$12.7 million on the modification of debt related to the debt refinancing completed in July 2024.

## Net Debt and Net Debt to Rolling Twelve-Month Adjusted EBITDA

Net Debt is calculated as the sum of bank loans, long-term debt (excluding deferred finance costs

and modification gains/losses) and lease liabilities, less cash.

We consider Net Debt to be an important indicator of our Company's financial leverage because it represents the amount of debt that is not covered by available cash. We believe investors and analysts use Net Debt to determine the Company's financial leverage. Net Debt has no comparable IFRS financial measure, but rather is calculated using several asset and liability items in the consolidated statements of financial position.

Net Debt to Rolling Twelve-Month Adjusted EBITDA is calculated as Net Debt divided by Rolling Twelve-Month Adjusted EBITDA (see above). We consider Net Debt to Rolling Twelve-Month Adjusted EBITDA to be an important indicator of our ability to generate sufficient earnings to service our debt, that enhances understanding of our financial performance, and highlights operational trends. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies; however, the calculations of Adjusted EBITDA may not be comparable to those of other companies, which limits their usefulness as comparative measures.

The following table reconciles Net Debt to IFRS measures reported as at the end of the indicated periods in the consolidated statements of financial position and calculates Net Debt to Rolling Twelve-Month Adjusted EBITDA.

(Amounts in \$000s)	September 28, 2024	December 30, 2023	September 30, 2023
Bank loans	\$ —	\$ 2,559	\$ 47,307
Add-back: Deferred finance costs included in bank loans <sup>(1)</sup>	—	441	475
Total bank loans	—	3,000	47,782
Long-term debt	212,013	233,791	233,490
Current portion of long-term debt	6,000	5,625	7,500
Add-back: Deferred finance costs included in long-term debt <sup>(2)</sup>	8,382	3,607	3,945
Less: Net gain (loss) on modification of debt <sup>(3)</sup>	12,106	(393)	(430)
Total term loan debt	238,501	242,630	244,505
Long-term portion of lease liabilities	6,690	6,997	7,893
Current portion of lease liabilities	4,072	4,589	4,791
Total lease liabilities	10,762	11,586	12,684
Less: Cash	(9,629)	(7,300)	(183)
<b>Net Debt</b>	<b>\$ 239,634</b>	<b>\$ 249,916</b>	<b>\$ 304,788</b>
<b>Rolling Twelve-Month Adjusted EBITDA</b>	<b>\$ 101,444</b>	<b>95,092</b>	<b>\$ 98,590</b>
<b>Net Debt to Rolling Twelve-Month Adjusted EBITDA</b>	<b>2.4x</b>	<b>2.6x</b>	<b>3.1x</b>

<sup>(1)</sup> Represents deferred finance costs that are included in "Bank loans" in the consolidated statements of financial position. See Note 4 to the Consolidated Financial Statements.

<sup>(2)</sup> Represents deferred finance costs that are included in "Long-term debt" in the consolidated statements of financial position. See Note 5 to the Consolidated Financial Statements.

<sup>(3)</sup> The net gain/loss on modification of debt has been excluded from the calculation of Net Debt as it does not represent the expected cash outflows from the term loan facility.

## Forward Looking Statements

*Forward-looking statements can generally be identified by the use of the conditional tense, the words "may", "should", "would", "could", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "goal", "remain" or "continue" or the negative of these terms or variations of them or words and expressions of similar nature. Forward-looking statements in this press release include, but are not limited to, statements regarding the business strategies and operational activities of High Liner Foods, the markets in which High Liner Foods operates, potential M&A and other investment opportunities and the return of capital to shareholders, anticipated operating conditions, and the geopolitical and economic environment, the Company's intention to apply to the Toronto Stock Exchange to amend its NCIB, and the future financial and operating performance of High Liner Foods, including the Company's leverage and anticipated growth in Adjusted EBITDA. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. As a result, we cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the*

preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Risk Factors section of our MD&A for the thirteen and thirty-nine weeks ended September 28, 2024, the Risk Factors section of our 2023 MD&A and the Risk Factors section of our 2023 Annual Information Form. The risks and uncertainties that may affect the operations, performance, development and results of High Liner Foods' business include, but are not limited to, the following factors: compliance with food safety laws and regulations; timely identification of and response to events that could lead to a product recall; volatility in the CAD/USD exchange rate; competitive developments including increases in overseas seafood production and industry consolidation; ability to import seafood into North America while adhering to updated government sanctions; ability to adapt to regulatory changes and increase flexibility on seafood substitutions in certain products with customers; availability and price of seafood raw materials and finished goods and the impact of geopolitical events (and related economic sanctions) on the same; the impact of the U.S. Trade Representative's tariffs on certain seafood products; costs of commodity products, freight, storage and other production inputs, and the ability to pass cost increases on to customers; successful integration of acquired operations; potential increases in maintenance and operating costs; shifts in market demands for seafood; performance of new products launched and existing products in the market place; changes in laws and regulations, including environmental, taxation and regulatory requirements; technology changes with respect to production and other equipment and software programs; enterprise resource planning system risk; adverse impacts of cybersecurity attacks or breach of sensitive information; supplier fulfillment of contractual agreements and obligations; competitor reactions; completion and/or advancement of sustainability initiatives, including, without limitation, initiatives relating to the carbon work plan, waste reduction and/or seafood sustainability and traceability initiatives; High Liner Foods' ability to generate adequate cash flow or to finance its future business requirements through outside sources; credit risk associated with receivables from customers; volatility associated with the funding status of the Company's post-retirement pension benefits; adverse weather conditions and natural disasters; the availability of adequate levels of insurance; management retention and development; economic and geopolitical conditions such as Russia's invasion of Ukraine and the implementation and/or expansion of related sanctions policies; and the potential impact of a pandemic outbreak of a contagious illness, on general economic and business conditions and therefore the Company's operations and financial performance. Forward-looking information is based on management's current estimates, expectations and assumptions, which we believe are reasonable as of the current date but may prove to be incorrect, including, but not limited to, the following factors and assumptions: availability, demand and prices of raw materials, energy and supplies; the condition of the Canadian and American economies; product pricing; foreign exchange rates, especially the rate of exchange of the CAD to the USD; the ability to attract and retain customers; operating costs and improvement to operating efficiencies; interest rates; continued access to capital; the competitive environment and related market conditions; and the general assumption that none of the risks identified below or elsewhere in this document will materialize. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Except as required under applicable securities laws, we do not undertake to update these forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, whether as a result of new information, future events or otherwise. We include in publicly available documents filed from time to time with securities commissions and The Toronto Stock Exchange, a discussion of the risk factors that can cause anticipated outcomes to differ from actual outcomes. Except as required under applicable securities legislation, we do not undertake to update forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, whether as a result of new information, future events or otherwise.

## About High Liner Foods Incorporated

High Liner Foods Incorporated is a leading North American processor and marketer of value-added frozen seafood. High Liner Foods' retail branded products are sold throughout the United States and Canada under the **High Liner**, **Fisher Boy**, **Mirabel**, **Sea Cuisine**, and **Catch of the Day** labels, and are available in most grocery and club stores. The Company also sells branded products to restaurants and institutions under the **High Liner**, **Mirabel**, **Icelandic Seafood** and **FPI** labels and is a major supplier of private label value-added seafood products to North American food retailers and foodservice distributors. High Liner Foods is a publicly traded Canadian company, trading under the symbol HLF on the Toronto Stock Exchange.

For further information about the Company, please visit our website at [www.highlinerfoods.com](http://www.highlinerfoods.com) or send an e-mail to [investor@highlinerfoods.com](mailto:investor@highlinerfoods.com).

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CO: High Liner Foods Incorporated

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