



Q2 2021 RESULTS SUMMARY
(FOR THE 12 AND 24-WEEK PERIODS ENDED JUNE 12, 2021)

COLABOR GROUP INC.
(TSX: GCL)

JULY 22, 2021

FORWARD LOOKING STATEMENT

Disclaimer

This document is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities of Colabor Group Inc. and has not been prepared for delivery to, and review by, prospective investors in order to assist them in making an investment decision or regarding a distribution of securities.

Forward Looking Statement

This document contains certain forward-looking statements as defined under applicable securities law. Forward-looking information may relate to Colabor's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Company's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which Colabor believes are reasonable as of the current date. While Management considers these assumptions to be reasonable based on information currently available to the Company, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Colabor currently expects, including those mentioned in the Company's information form, which can be found under its profile on SEDAR (www.sedar.com). These factors, which include risks associated to the COVID-19 pandemic and its possible impact on consumer behavior or the economy, are not intended to represent a complete list of the factors that could affect Colabor and future events and results may vary significantly from what Management currently foresees. The reader should not place undue importance on forward-looking information contained in this press release, information representing Colabor's expectations as of the date of this press release (or as of the date they are otherwise stated to be made) and are subject to change after such date. While Management may elect to do so, the Company is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.





Content

- 1. About Colabor**
- 2. Recent Transformation and Optimization**
- 3. Q2 2021 Highlights**
- 4. Q2 2021 Financial Results**
- 5. Share Information**

ABOUT US

Founded in 1962, Colabor is the largest Quebec based distributor and wholesaler of food and related products, serving the hotel, restaurant and institutional markets « HRI ».

DISTRIBUTION

66% of revenues

Broadline Distribution:

- 3 distribution centers in Eastern Québec serving Eastern Québec and New Brunswick
- 12,000 SKUs ⁽¹⁾
- 5,000 HRI clients ⁽¹⁾
- ~350 employees



Specialty Distribution:

- 2 distribution centers in Montreal in the greater metropolitan region
- Seafood and meat transformation and distributed to premium clients
- ~ 200 employees

WHOLESALE

34% of revenues

Boucherville (Québec):

- A 371,000 sq. ft warehouse
- 15,000 SKUs ⁽¹⁾
- 50+ distributors are clients and serving the HRI and retail market in Québec and the Atlantic provinces
- ~ 100 employees



(1) Based on Annual Information Form dated February 26, 2021

ACHIEVEMENTS SINCE 2019

- ✓ Shrink-to-profit
- ✓ Discipline and resources to face the COVID-19 pandemic

RATIONALIZATION PLAN

- \$2.9M annual cost savings

SALE OF NON-CORE ASSETS

- Sale of Viandes Décarie for \$20M
- Used to pay down debt

2019

ONTARIO PHASE I - OPTIMIZATION OF ACTIVITIES

- Termination of non-profitable contracts
- Restructuring of activities

NEW LEADERSHIP

- Louis Frenette joins as CEO

H1 2020

ONTARIO PHASE II – DISVESTMENT OF DISTRIBUTION ACTIVITIES

- \$8.2M received

COVID-19 PANDEMIC

- Revenue diversification supported better than industry performance
Cost preservation measures / CEWS support / debt maturity extensions
- Maintained cashflows
- Focused on reimbursing debt

H2 2020

IN A GOOD POSITION

- FY2020 sales down by 30.7% (~17% from COVID / balance from legacy contract losses and self-imposed discipline)
- Diversified channel mix
- Improved profitability and cashflows
- Reduced net debt

Q1 2021

REFINANCING

- New facilities: more flexibility and lower expenses
- Repurchased all \$50M outstanding debentures

Q2 2021 RECENT KEY EVENTS

Colabor redeemed all outstanding convertible debentures.

March 23, 2021 :

- Completion of the redemption of all outstanding convertible debentures; and
- Convertible debentures were delisted on this date.

Pandemic:

- Government started easing restriction at the end of May;
- Gradual reopening of restaurant dining rooms and less restrictive containment measures in Q2 2021 than in Q2 2020;

Diversified customer continue to attenuate the impact:

- No customer represents more than 10% of revenues;
- Retail represent approximately 17% of revenues; and
- Coverage across the province of Québec
- Continue to optimally manage our cost structure and cash flows in the context of the pandemic.



Q2 2021 HIGHLIGHTS

“The reopening plan initiated by the Quebec government in May 2021, leading among other things to the lifting of the curfew and the gradual reopening of outdoor patios and dining rooms in restaurants, allows Colabor to be confident about the coming months, despite the uncertainties that remain, and thus to continue the implementation of the 2021 strategic plan in the near future.”
commented Mr. Frenette, President and Chief Executive Officer of Colabor

Consolidated sales up 13.2% to \$108.1M.

- The pandemic impacted all 12 weeks of the second quarter of 2021 and 2020. Distribution sales up 21.7% explained by a volume increase from restaurants, following the gradual reopening of their dining rooms and given less restrictive containment measures in 2021 than in 2020.
- Wholesale sales up 5.7%, due to the gradual reopening of the restaurant business, the growth of certain customers less affected by the effects of the pandemic and by new customers.

Adjusted EBITDA⁽¹⁾ from continuing operations at \$6.7M (6.2% of sales) down from \$7.6M (8.0% of sales) last year.

- Due to the decrease of \$3.2 million in subsidies obtained. Excluding the impact of subsidies obtained, the adjusted EBITDA margin⁽¹⁾ would have been 5.0% in 2021 and 3.4% in 2020

Net earnings of \$1.7M (vs) net loss of \$2.9M last year. Net earnings from continuing operations of \$1.6M, comparable to last year.

- Net earnings improvement is mostly coming from the \$4.5 million net loss from discontinued operations in 2020

Cash flow used by operating activities of \$(2.9)M, compared to cash from operating activities of \$3.2M last year, both from continuing operations.

Net debt⁽¹⁾ increased to \$57.2M from \$52.1M at the end of FY2020.

Financial Leverage Ratio⁽¹⁾ at 2.0x (vs) 1.8x at the end of FY2020.

(1) Adjusted EBITDA, Net debt and Financial Leverage Ratio are non-IFRS measures. Refer to section 6 "Non-IFRS Performance Measures" of the MD&A, for the period ended June 12, 2021.



Q2 - 2021 Financial Results

Q2 2021

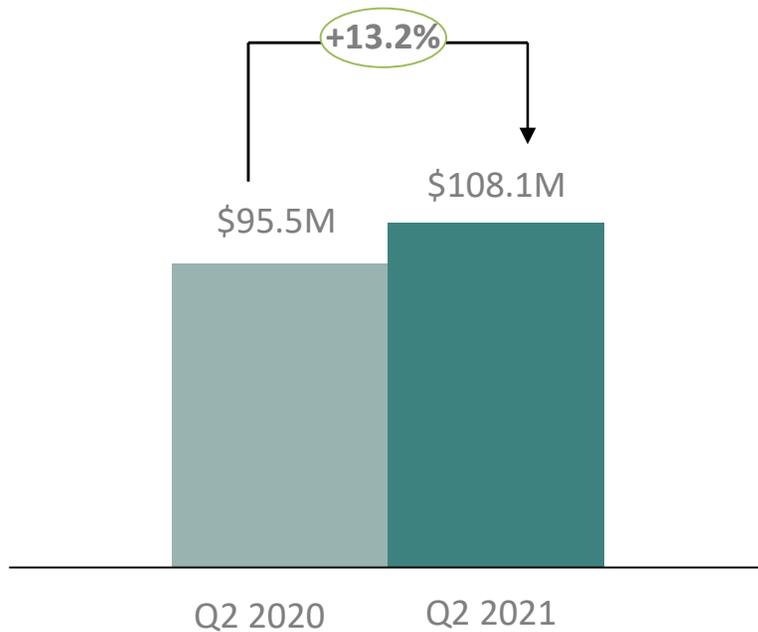
“We are proud of the results generated in the second quarter. The diversification of our customer base, the improvement of our product mix combined with our efforts to manage our cost structure, allowed us to achieve a good level of profitability and a solid balance sheet through the worst of the health crisis.” said Mr. Frenette, President and Chief Executive Officer of Colabor

| Financial Highlights | 12-week periods | | 24-week periods | |
|---|-----------------|---------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| (in thousands of dollars except percentages, per share data and financial leverage ratio) | \$ | \$ | \$ | \$ |
| Sales from continuing operations | 108,052 | 95,458 | 193,687 | 207,071 |
| Adjusted EBITDA ⁽¹⁾ from continuing operations | 6,671 | 7,613 | 10,519 | 11,311 |
| Adjusted EBITDA ⁽¹⁾ margin (%) | 6.2 | 8.0 | 5.4 | 5.5 |
| Net earnings (loss) from continuing operations | 1,640 | 1,608 | 629 | (263) |
| Net earnings (loss) | 1,692 | (2,882) | 665 | (11,212) |
| Per share - basic and diluted (\$) | 0.02 | (0.03) | 0.01 | (0.11) |
| Cash flow from operating activities | (2,911) | 3,217 | 2,465 | 8,830 |
| Financial position | | | As at | As at |
| | | | June 12, | December |
| | | | 2021 | 26, 2020 |
| Net debt ⁽¹⁾ | | | 57,206 | 52,100 |
| Financial leverage ratio ⁽¹⁾ | | | 2.0x | 1.8x |

(1) Non-IFRS measures. Refer to the table of reconciliation of Net Earnings to EBITDA in section 6 "Non-IFRS Performance Measures" in the MD&A for the period ended June 12, 2021. **Adjusted EBITDA** corresponds to net earnings before depreciation and amortization, costs not related to current operations, expenses for stock-based compensation plan, financial expenses and income taxes, as shown in the Company's financial statements. **Net debt** corresponds to bank indebtedness, current portion of long-term debt, long-term debt and convertible debentures, net of cash as presented in Colabor's consolidated statements of financial position. **Financial leverage ratio** is defined as net debt / adjusted EBITDA.

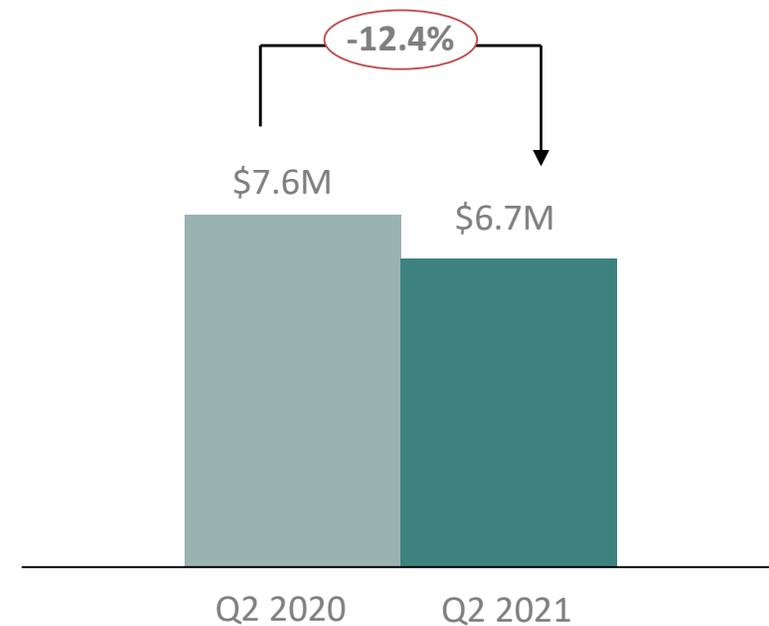
Q2 SALES AND PROFITABILITY TREND

CONSOLIDATED SALES



Distribution sales up by 21.7%
Wholesale sales up by 5.7%

ADJUSTED EBITDA⁽¹⁾

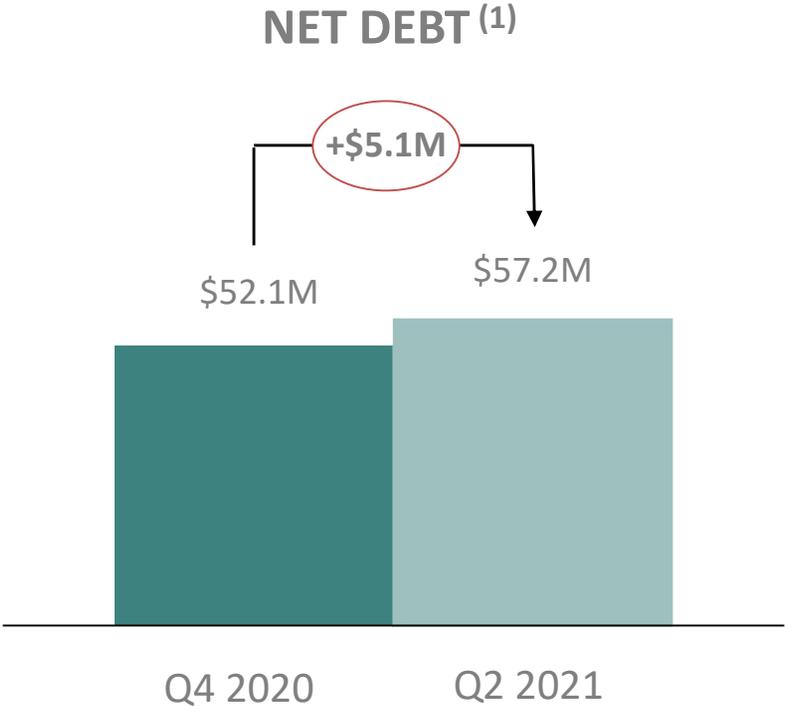


Lower adjusted EBITDA⁽¹⁾ margins
at 6.2% in Q2 2021 (vs) 8.0% in Q2 2020

(1) Adjusted EBITDA is a non-IFRS measure. Refer to section 6 "Non-IFRS Performance Measures" of the MD&A for the period ended June 12, 2021.



NET DEBT TREND



Higher utilization of working capital ⁽¹⁾ due to the effect of seasonality

⁽¹⁾ Non-IFRS measure. Refer to section 6 "Non-IFRS Performance Measures" of the MD&A for the period ended June 12, 2021.



SHARE INFORMATION (TSX: GCL)

| | |
|---|------------------|
| STOCK PRICE (as at July 19, 2021) | \$1.12 |
| 52-week high-low | \$0.295 - \$1.24 |
| Number of shares issued and outstanding | 101,954,885 |
| Average volume (30 days) | 24.1 k |
| Market capitalization | \$114.2 M |
| Institutional and management ownership | ≈ 46.6% |





Head Office

1620 de Montarville Boulevard
Boucherville (Québec)
J4B 8P4
Canada

Phone : 450 449-4911

Fax : 450 449-6180

investors@colabor.com