

## COLABOR GROUP REPORTS RESULTS FOR THE FIRST QUARTER 2022

**Boucherville, Quebec, April 27, 2022** - Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) reports its results for the first quarter ended March 19, 2022.

### First Quarter 2022 Financial Highlights:

- Sales increased by 13.2% to \$97.2 million, compared to \$85.8 million for the corresponding period of 2021;
- Net loss from continuing operations increased to \$1.7 million compared to \$1.0 million for the corresponding period of 2021;
- Adjusted EBITDA<sup>(1)</sup> decreased to \$2.3 million from \$3.8 million for the corresponding period of 2021 and decrease in adjusted EBITDA<sup>(1)</sup> margin to 2.4% of sales compared to 4.5% of sales during the corresponding period of 2021. This decrease is mainly explained by the decrease in subsidies obtained of \$1.3 million, increased labor costs and other supply chain costs;
- Cash flow generated by operating activities increased to \$12.4 million compared to \$5.4 million for the first quarter of 2021, due to lower utilization of working capital<sup>(4)</sup>;
- Repayment of the long-term debt of \$7.8 million, of which \$7.0 million as optional repayment;
- Acquisition on April 4, 2022 of Le Groupe Resto-Achats Inc.; and
- On April 11, announcement of the acquisition of certain assets in the Laurentians and Outaouais regions, effective April 22, 2022.

### Table of first quarter 2022 Financial Highlights:

<b>Financial highlights</b> (in thousands of dollars, except percentages, per share data and financial leverage ratio)	<b>12 weeks</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Sales from continuing operations	<b>97,169</b>	85,811
Adjusted EBITDA <sup>(1)</sup>	<b>2,313</b>	3,848
Adjusted EBITDA <sup>(1)</sup> margin (%)	<b>2.4</b>	4.5
Net loss from continuing operations	<b>(1,653)</b>	(1,011)
Net loss	<b>(1,706)</b>	(1,027)
Per share - basic and diluted (\$)	<b>(0.02)</b>	(0.01)
Cash flow from operating activities	<b>12,426</b>	5,376
<b>Financial position</b>	<b>As at</b>	<b>As at</b>
	<b>March 19,</b>	<b>December 25,</b>
	<b>2022</b>	<b>2021</b>
Net debt <sup>(2)</sup>	<b>38,962</b>	48,366
Financial leverage ratio <sup>(3)</sup>	<b>1.6x</b>	1.9x

<sup>(1)</sup> Non-IFRS measure. Refer to the table Reconciliation of Net Loss to adjusted EBITDA in MD&A section 5 "Non-IFRS Performance Measures". Adjusted EBITDA corresponds to net operating earnings before costs not related to current operations, depreciation and amortization and expenses for stock-based compensation plan.

<sup>(2)</sup> Non-IFRS measure. Refer to MD&A section 5 "Non-IFRS Performance Measures". Net debt corresponds to bank indebtedness, current portion of long-term debt and long-term debt, net of cash.

<sup>(3)</sup> Financial leverage ratio is an indicator of the Company's ability to service its long-term debt. It is defined as net debt / adjusted EBITDA for the last four quarters. Refer to MD&A section 5 "Non-IFRS Performance Measures".

“Our first quarter results continue to demonstrate the resiliency of our business model in the wake of a pandemic and rising inflationary pressures,” said Mr. Frenette, President and Chief Executive Officer of Colabor. “Revenues were up 13.2% and our gross margin was up 2.4% from the first quarter of last year.”

<sup>(4)</sup> Working capital is a non-IFRS performance measure. Working capital is an indicator of the Company's ability to hedge its current liabilities with its current assets. Refer to MD&A section 3.2 "Financial Position" for detailed calculation.

“Our diversified customer base, continuous improvements to our business and our ability to manage dynamically our cost structure, allow us to continue to invest in the implementation of our strategic plan. In April, we completed two acquisitions that aim to grow our distribution activities in the province. The closing of these two acquisitions, that represent approximately \$17.0 million in annual revenues, will help us enhance the depth of our offering and gain market share in existing and new territories. These two acquisitions will create value and accelerate our strategic growth plan,” added Louis Frenette.

## **Results for the First Quarter of 2022**

Consolidated sales for the first quarter amounted to \$97.2 million compared to \$85.8 million during the corresponding quarter of 2021, an increase of 13.2%, and this despite the arrival of the Omicron variant, which resulted in restaurant dining rooms closure for four weeks during the quarter due to governmental restrictions. Sales for the Distribution segment increased by 17.4%, explained by a volume increase from restaurants, given a longer opening period of dining rooms during the first quarter of 2022 compared to the first quarter of 2021, as explained above. Wholesale segment sales increased by 4.3% explained by an increase in volume as explained above, as well as by new customers, mitigated by the partial loss of volume from a single customer.

Adjusted EBITDA<sup>(1)</sup> from continuing activities was \$2.3 million or 2.4% of sales from continuing activities compared to \$3.8 million or 4.5% during 2021. These variations are mainly explained by the decrease in subsidies obtained of \$1.3 million, an increase in labor costs and other supply chain costs, as well as investments to expand our territory and the repositioning of our private brand, mitigated by an increase in sales and in gross margin. Excluding the impact of subsidies obtained, the adjusted EBITDA margin<sup>(1)</sup> would have been 2.4% in 2022 and 3.0% in 2021.

Net loss from continuing operations was \$1.7 million, an increase compared to a net loss of \$1.0 million for the corresponding quarter of the previous year, resulting essentially from the decrease of the adjusted EBITDA<sup>(1)</sup> as explained previously, combined with higher costs not related to current operations, mitigated by lower financial expenses and higher income taxes recovery.

Net loss for the first quarter was \$1.7 million, compared to a net loss of \$1.0 million for the corresponding period of 2021. The variation is explained by the facts described above.

## **Cash Flow and Financial Position**

Cash flows from operating activities reached \$12.4 million compared to \$5.4 million for the corresponding period of 2021. This increase is mainly due to lower utilization of working capital<sup>(4)</sup>, mitigated by a lower adjusted EBITDA<sup>(1)</sup>. The lower utilization of working capital<sup>(4)</sup> is explained by the receipt of the non-recurring gain which was receivable as at December 25, 2021 and by a higher collection of receivables in 2022 in connection with the increase in sales volume in the fourth quarter of 2021.

As at March 19, 2022, the Company's working capital<sup>(4)</sup> was \$29.5 million, down from \$40.8 million at the end of the fiscal year 2021. This variation is explained by the seasonality effect and the receipt of the non-recurring gain which was receivable as at December 25, 2021.

As at March 19, 2022, the Company's net debt<sup>(2)</sup> was down to \$39.0 million, compared to \$48.4 million at the end of the fiscal year 2021. This decrease is mainly due to credit facility repayments of \$7.8 million.

## Outlook

“Looking ahead, with an improved product mix, a wider distribution network, an improved efficiency and a robust balance sheet, we are well positioned to benefit from the recovery of the restaurant and hospitality industry. As always, we remain cautious and focused on managing our cost structure in the face of current inflationary pressures, labor shortage and supply chain disruptions,” commented Louis Frenette.

## Non-IFRS Performance Measures

The information provided in this release includes non-IFRS performance measures, notably adjusted earnings before financial expenses, depreciation and amortization and income taxes ("Adjusted EBITDA")<sup>(1)</sup>. As these concepts are not defined by IFRS, they may not be comparable to those of other companies. Refer to Section 5 "Non-IFRS Performance Measures" in the Management's Discussion and Analysis.

	12 weeks	
	2022	2021
(in thousands of dollars)	\$	\$
<b>Net loss from continuing operations</b>	<b>(1,653)</b>	<b>(1,011)</b>
Income taxes recovery	<b>(632)</b>	<b>(251)</b>
Financial expenses	<b>971</b>	<b>1,737</b>
<b>Operating (loss) earnings</b>	<b>(1,314)</b>	<b>475</b>
Expenses for stock-based compensation plan	<b>79</b>	<b>22</b>
Costs not related to current operations	<b>314</b>	<b>91</b>
Depreciation and amortization	<b>3,234</b>	<b>3,260</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>2,313</b>	<b>3,848</b>

## Additional Information

The Management Discussion and Analysis and the consolidated financial statements of the Company are available on SEDAR ([www.sedar.com](http://www.sedar.com)). Additional information, including the annual information form, about Colabor Group Inc. can also be found on SEDAR and on the Company's website at [www.colabor.com](http://www.colabor.com).



## Forward-Looking Statements

This press release 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. Refer in particular to section 2.2 "Development Strategies and Outlook" of the Company's MD&A. 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. For more exhaustive information on these risks and uncertainties, the reader should refer to section 9 "Risks and Uncertainties" of the Company's MD&A. These factors, which include the risks related to the pandemic of Covid-19 and the different underlying variants ("pandemic") as well as the possible impacts on consumers and 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.

## Conference Call

Colabor will hold a conference call to discuss these results on Thursday, April 28, 2022, beginning at 9:30 a.m. Eastern time. Interested parties can join the call by dialing 1-888-390-0549 (from anywhere in North America) or 1-416-764-8682. If you are unable to participate, you can listen to a recording by dialing 1-888-390-0541 or 1-416-764-8677 and entering the code 496529# on your telephone keypad. The recording will be available from 1:30 p.m. on Thursday, April 28, 2022, until 11:59 p.m. on May 5, 2022.

Those wishing to join the webcast can do so by clicking on the following link:

<http://www.colabor.com/en/investisseurs/evenements-et-presentations/>

## About Colabor

Colabor is a distributor and wholesaler of food and related products serving the hotel, restaurant and institutional markets or "HRI" in Quebec and in the Atlantic provinces, as well as the retail market. Within its two operating segments, Colabor offers specialty food products such as meat, fresh fish and seafood, as well as food and related products through its Broadline activities.

## Further information:

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