



Interim condensed consolidated Financial Statements  
(unaudited)

**First quarter of 2024**

**12-week period ended March 23, 2024**

(in thousands of Canadian dollars)

**Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors, PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., have not performed a review of the unaudited interim condensed consolidated financial statements for the 12-week period ended March 23, 2024.

Interim Condensed Consolidated Statements of Loss

(unaudited)

**For the 12-week periods ended March 23, 2024 and March 25, 2023**

(in thousands of Canadian dollars, except per share data)

	Notes	12 weeks	
		2024	2023
		\$	\$
<b>Sales</b>		<b>131,200</b>	133,923
Cost of goods sold		<b>106,622</b>	108,828
<b>Gross margin</b>		<b>24,578</b>	25,095
Operating expenses	3	<b>19,711</b>	19,610
Depreciation and amortization	4	<b>4,571</b>	4,461
Costs not related to current operations		<b>99</b>	49
<b>Operating earnings</b>		<b>197</b>	975
Financial expenses	5	<b>2,589</b>	1,242
<b>Loss before taxes</b>		<b>(2,392)</b>	(267)
Income taxes recovery		<b>(616)</b>	(107)
Net loss from continuing operations		<b>(1,776)</b>	(160)
Net loss from discontinued operations		—	—
<b>Net loss</b>		<b>(1,776)</b>	(160)
Basic and diluted net loss per share from continuing operations	6	<b>(0.02)</b>	—
Basic and diluted net loss per share from discontinued operations	6	—	—
<b>Basic and diluted net loss per share</b>	6	<b>(0.02)</b>	—

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Comprehensive Loss  
(unaudited)

**For the 12-week periods ended March 23, 2024 and March 25, 2023**

(in thousands of Canadian dollars)

	12 weeks	
	2024	2023
	\$	\$
<b>Net loss from continuing operations</b>	<b>(1,776)</b>	<b>(160)</b>
Other comprehensive income (loss) that will be subsequently reclassified to earnings:		
Changes in fair value of interest rate swap designated as cash flow hedge	(73)	(197)
Income taxes	19	52
<b>Other comprehensive loss from continuing operations</b>	<b>(54)</b>	<b>(145)</b>
<b>Comprehensive loss from continuing operations</b>	<b>(1,830)</b>	<b>(305)</b>
<b>Net loss from discontinued operations</b>	<b>—</b>	<b>—</b>
Other comprehensive income (loss) that will not be subsequently reclassified to earnings:		
Remeasurement of defined benefit pension obligation	—	(51)
Income taxes	—	13
<b>Other comprehensive loss from discontinued operations</b>	<b>—</b>	<b>(38)</b>
<b>Comprehensive loss from discontinued operations</b>	<b>—</b>	<b>(38)</b>
<b>Comprehensive loss</b>	<b>(1,830)</b>	<b>(343)</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity  
(unaudited)

**For the 12-week periods ended March 23, 2024 and March 25, 2023**

(in thousands of Canadian dollars)

	Share capital \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Total equity \$
<b>Balance as at December 30, 2023</b>	<b>257,054</b>	<b>6,753</b>	<b>(155,632)</b>	<b>304</b>	<b>108,479</b>
Net loss	—	—	(1,776)	—	(1,776)
Other comprehensive loss	—	—	—	(54)	(54)
<b>Comprehensive loss</b>	<b>—</b>	<b>—</b>	<b>(1,776)</b>	<b>(54)</b>	<b>(1,830)</b>
Stock-based compensation	—	15	—	—	15
<b>Balance as at March 23, 2024</b>	<b>257,054</b>	<b>6,768</b>	<b>(157,408)</b>	<b>250</b>	<b>106,664</b>

	Share capital \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Total equity \$
<b>Balance as at December 31, 2022</b>	<b>257,008</b>	<b>6,508</b>	<b>(161,166)</b>	<b>544</b>	<b>102,894</b>
Net loss	—	—	(160)	—	(160)
Other comprehensive loss	—	—	(38)	(145)	(183)
<b>Comprehensive loss</b>	<b>—</b>	<b>—</b>	<b>(198)</b>	<b>(145)</b>	<b>(343)</b>
Stock-based compensation	—	89	—	—	89
<b>Balance as at March 25, 2023</b>	<b>257,008</b>	<b>6,597</b>	<b>(161,364)</b>	<b>399</b>	<b>102,640</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

**For the 12-week periods ended March 23, 2024 and March 25, 2023**

(in thousands of Canadian dollars)

	Notes	12 weeks	
		2024	2023
		\$	\$
<b>Cash flows from operating activities</b>			
Net loss from continuing operations		(1,776)	(160)
Non-cash items			
Deferred income taxes		(634)	(200)
Depreciation and amortization	4	4,571	4,461
Financial expenses	5	2,589	1,242
Other		16	89
		4,766	5,432
Net changes in working capital		6,979	(4,625)
		11,745	807
<b>Cash flows from investing activities</b>			
Acquisitions of property, plant and equipment		(1,020)	(1,377)
Acquisitions of intangible assets	7	(2,501)	(133)
Other		(149)	126
		(3,670)	(1,384)
<b>Cash flows from financing activities</b>			
Net change in the credit facility	8	(3,000)	4,000
Lease liability payments		(1,897)	(2,605)
Financing cost paid		(230)	—
Financial expenses paid		(1,192)	(1,041)
		(6,319)	354
<b>Net change in cash and cash equivalents from continuing operations</b>		<b>1,756</b>	<b>(223)</b>
<b>Net change in cash and cash equivalents from discontinued operations</b>		<b>—</b>	<b>—</b>
<b>Bank indebtedness at the beginning</b>		<b>(3,000)</b>	<b>(1,275)</b>
<b>Bank indebtedness at the end</b>		<b>(1,244)</b>	<b>(1,498)</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Financial Position

(unaudited)

(in thousands of Canadian dollars)

	Notes	As at March 23, 2024 \$	As at December 30, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables		47,436	48,544
Inventories		47,453	50,730
Pension assets		403	403
Other	9	2,859	1,731
		<b>98,151</b>	<b>101,408</b>
<b>Non-current assets</b>			
Property, plant and equipment		23,296	23,510
Intangible assets	7	20,359	18,498
Right-of-use assets		105,353	106,954
Goodwill		73,072	73,072
Deferred tax assets		2,789	2,118
Other		1,817	2,270
		<b>226,686</b>	<b>226,422</b>
<b>Total assets</b>		<b>324,837</b>	<b>327,830</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness		1,244	3,000
Trade and other payables		48,383	45,293
Current portion of long-term debt	8	3,000	3,000
Current portion of lease liabilities		7,669	6,205
Other	9	951	939
		<b>61,247</b>	<b>58,437</b>
<b>Non-current liabilities</b>			
Long-term debt	8	52,332	55,522
Lease liabilities		103,560	104,732
Contingent consideration	7	356	—
Deferred tax liabilities		678	660
		<b>156,926</b>	<b>160,914</b>
<b>Total liabilities</b>		<b>218,173</b>	<b>219,351</b>
<b>Equity</b>			
Equity attributable to shareholders		106,664	108,479
<b>Total liabilities and equity</b>		<b>324,837</b>	<b>327,830</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

## 1 Nature of operations

Colabor Group Inc. (hereinafter the “Company”) 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.

The Company is incorporated under the *Canada Business Corporations Act*. It is a Canadian company headquartered at 1601, Rene-Descartes street, Suite 103, Saint-Bruno-de-Montarville, Quebec, J3V 0A6. The Company’s shares are listed on the Toronto Stock Exchange under the symbol GCL.

## 2 Material accounting policies

### General information

These interim condensed consolidated financial statements of the Company were prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Some information and notes disclosure in the consolidated annual financial statements have not been presented or are summarized when they are not considered essential to understanding the Company's interim financial statements. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 30, 2023.

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies that have been adopted by the Company in its consolidated financial statements for the year ended December 30, 2023, except for the accounting policy as described below. The accounting policies have been applied consistently for all the periods presented.

The interim condensed consolidated financial statements have been prepared on a going concern and historical cost basis, except for certain financial instruments and pension plan's assets that are measured at fair value, and for defined pension obligations and provisions that have been recorded at present value. Financial information is presented in Canadian dollars, which is the Company's functional currency.

The net loss for these interim financial statements are not necessarily indicative of the full-year net earnings. The seasonal nature is a significant factor in its quarterly results. Lower earnings are recorded during the first quarter. The second and third quarters are generally recording higher earnings than those recorded during the first quarter. Finally, the fourth quarter is the most important one, since there are 16 weeks of operations in the last quarter compared to 12 weeks in the previous quarters.

These interim condensed consolidated financial statements have been approved by the Company's Board of Directors on May 2, 2024. The Company's auditors have not performed a review of these unaudited interim condensed consolidated financial statements.

### Operating segments

As at December 30, 2023, the Company had two operating segments: distribution of food products (the Distribution segment) and sales of general food-related products to distributors (the Wholesale segment). On December 31, 2023, the Company has aggregated these two business segments into one segment due to the operational and organizational changes, including the move to new facilities in Saint-Bruno-de-Montarville which now serve a common clientele. The Company's strategic vision is developing in a more global approach to activities. Management now evaluates the Company's operating results as a whole and make decisions on this basis, unlike previously by segment separately. In addition, separate financial information for the Wholesale segment is no longer available.

## 3 Operating expenses

	12 weeks	
	2024	2023
	\$	\$
Employee compensation	13,801	13,225
Service contracts and variable portion related to lease contracts	680	1,236
Repair and maintenance	840	851
Utilities	1,011	1,050
Other expenses	3,379	3,248
	<b>19,711</b>	<b>19,610</b>

## 4 Depreciation and amortization

	12 weeks	
	2024	2023
	\$	\$
Depreciation of property, plant and equipment	716	1,006
Amortization of intangible assets	996	945
Depreciation of right-of-use assets	2,859	2,510
	<b>4,571</b>	<b>4,461</b>



Notes to the Interim Condensed Consolidated Financial Statements  
(unaudited)

**For the 12-week periods ended March 23, 2024 and March 25, 2023**

(in thousands of Canadian dollars, except number of shares and per share data)

## 5 Financial expenses

	12 weeks	
	2024	2023
	\$	\$
Interest on credit facility	670	476
Interest on subordinated debt	250	250
Interest on lease obligations	1,548	378
Other	121	138
<b>Financial expenses</b>	<b>2,589</b>	<b>1,242</b>

## 6 Net loss per share

### Loss per share

The following table presents the basic and diluted loss per share:

	2024	2023
	\$	\$
Net loss from continuing operations	(1,776)	(160)
Net loss from discontinued operations	—	—
<b>Net loss</b>	<b>(1,776)</b>	<b>(160)</b>
<b>Weighted average number of basic and diluted outstanding shares</b>	<b>101,986,464</b>	<b>101,954,885</b>
Basic and diluted net loss per share from continuing operations	(0.02)	—
Basic and diluted net loss per share from discontinued operations	—	—
<b>Basic and diluted net loss per share</b>	<b>(0.02)</b>	<b>—</b>

As at March 23, 2024, 4,159,352 stock options (4,698,982 stock options in 2023) were not included in the calculation of diluted loss per share for the 12-week periods because of their non-dilutive effect.

## 7 Intangible assets

On March 15, 2024, the Company has acquired customer contracts related to foodservice activities from Beaudry & Cadrin Inc. for an amount of \$3,000, of which \$2,500 was paid at the effective date and \$500 will be payable in contingent consideration based on the achievement of certain income thresholds.

## 8 Long-term debt

	As at March 23, 2024 \$	As at December 30, 2023 \$
Credit facility <sup>(a)</sup>		
Term loan	21,750	21,750
Revolving credit	19,000	22,000
Subordinated debts	15,000	15,000
Less unamortized financing costs	(418)	(228)
Total debt	55,332	58,522
Current portion of long-term debt	3,000	3,000
Total long-term debt	52,332	55,522

### <sup>(a)</sup> Credit facility

On March 18, 2024, the Company entered into an amended and restated senior secured credit facility for a total amount of \$71,750 including a term loan of \$21,750 and a revolving credit of \$50,000, of which \$5,000 in operating swingline. The amended and restated facility matures on February 18, 2028. The facility bears interest at the cost of funds, plus a margin varying between 1.75% to 2.75% depending on the Company's financial ratios. The credit facility is guaranteed by the assets of the Company and by those of some of its subsidiaries and provides limits on the operations and activities, particularly regarding the authorized investments as well as some ratios essentially related to consolidated adjusted EBITDA, financial expenses and total debt which were met as at March 23, 2024. The term loan is repayable quarterly, for an annual amount of \$3,000. By mutual agreement, the credit facility may be increased by \$35,000 and thus authorizing the repayment at maturity of the subordinated debt if the related conditions are met. As at March 23, 2024, the availability under the credit facility is \$24,986.

Financing costs of \$230 were incurred during the 12-week period ended on March 23, 2024, in connection with the execution of this credit agreement.

## 9 Financial Instruments

### A) Fair value

Fair value of cash and cash equivalent, trade and other receivables as well as trade and other payables is equivalent to the carrying amount due to their short-term maturity. Therefore, the time value of money is non-significant.

The carrying amount and fair value of the other financial instruments in the consolidated statements of financial position are as follows:

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited)

**For the 12-week periods ended March 23, 2024 and March 25, 2023**

(in thousands of Canadian dollars, except number of shares and per share data)

	As at March 23, 2024		As at December 30, 2023	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>Financial asset</b>				
Current				
Derivative financial instrument	339	339	—	—
Non-current				
Derivative financial instrument	—	—	413	413
<b>Financial liabilities</b>				
Current				
Contingent consideration	673	673	646	646
Non-current				
Credit facility	40,427	40,750	43,629	43,750
Subordinated debt	14,905	15,000	14,893	15,000
Contingent consideration	356	356	—	—
	<b>56,361</b>	<b>56,779</b>	59,168	59,396

The fair value of the interest rate swap is calculated at the present value of the estimated future cash flows using an appropriate interest rate yield curve. Assumptions are based on market conditions prevailing at each reporting date. The fair value of derivative instrument reflects the estimated amounts that the Company would receive or pay to settle the contract at the reporting date. As at March 23, 2024, the fair value of the interest rate swap is an asset of \$339 and is accounted for under Other in the current assets of the consolidated statement of financial position.

The fair value of contingent consideration was determined by discounting future cash flows at the Company's marginal borrowing rate and the current portion is accounted for under Other in the current liabilities of the consolidated statement of financial position.

The fair value of the credit facility is comparable to the carrying amount as the interest rate fluctuates with the market rate with conditions comparable to those prevailing in the market.

The fair value of subordinated debt was determined by discounting future cash flows at 7.25% (7.25% as at December 30, 2023), the current rate of subordinated debt.

**Fair value measurement**

The valuation techniques as well as the significant observable market data used in the measurement of Level 2 and Level 3 fair values are the same as those described in the consolidated financial statements for the year ended December 30, 2023.

There was no transfer between the levels during the 12-week period ended March 23, 2024.

**B) Financial risks management**

The Company is exposed to various financial risks resulting from its operating, investing and financing activities. The Company's management manages financial risks in the purpose of limiting the Company's main financial risk exposure. The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

There were no significant changes in the Company's risk exposure during the 12-week period ended March 23, 2024 compared to the description given in the consolidated financial statements for the year closed on December 30, 2023.