

COLABOR GROUP REPORTS RESULTS FOR THE FIRST QUARTER 2024

Saint-Bruno-de-Montarville, Quebec, May 2, 2024 - Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) reports its results for the first quarter ended March 23, 2024.

First Quarter 2024 Financial Highlights:

- Sales decreased by 2.0% to \$131.2 million, compared to \$133.9 million for the corresponding period of 2023;
- Net loss from continuing operations was \$1.8 million compared to \$0.2 million for the corresponding period of 2023;
- Adjusted EBITDA⁽¹⁾ decreased by 12.4% to \$4.9 million from \$5.6 million for the corresponding period of 2023 with an adjusted EBITDA⁽¹⁾ margin to 3.7% of sales compared to 4.2% of sales during the corresponding period of 2023;
- Cash flow from operating activities increased to \$11.7 million compared to \$0.8 million for the first quarter of 2023;
- Net debt⁽²⁾ decreased to \$56.8 million, compared to \$61.5 million as at December 30, 2023. The leverage ratio⁽³⁾ is 2.3x as at March 23, 2024, compared to 2.4x as at December 30, 2023;
- On March 15, 2024, the Company acquired certain assets related to foodservice activities from Beaudry & Cadrin Inc.; and
- On March 18, 2024, the Company entered into an amended and restated secured credit facility.

Table of first quarter 2024 Financial Highlights:

Financial highlights (in thousands of dollars, except percentages, per share data and financial leverage ratio)	12 weeks	
	2024	2023
	\$	\$
Sales from continuing operations	131,200	133,923
Adjusted EBITDA ⁽¹⁾	4,882	5,574
Adjusted EBITDA ⁽¹⁾ margin (%)	3.7	4.2
Net loss from continuing operations	(1,776)	(160)
Net loss	(1,776)	(160)
Per share - basic and diluted (\$)	(0.02)	—
Cash flow from operating activities	11,745	807
Financial position	As at	As at
	March 23,	December 30,
	2024	2023
Net debt ⁽²⁾	56,813	61,481
Financial leverage ratio ⁽³⁾	2.3x	2.4x

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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 less lease liability payments for the last four quarters. Refer to MD&A section 5 "Non-IFRS Performance Measures".

“During the first quarter, the restaurant industry was directly affected by a more difficult macroeconomic environment. The efforts of recent years dedicated to diversifying our clientele and penetrating new territories allow us to mitigate the effect of the weakness felt. Thus, the contribution of new customers and the growth in purchasing volume among certain customers of our distribution activities allow us to mitigate the effect of the drop in volume observed in our wholesale and distribution activities among customers of the restaurant industry. In addition, due to the strategic management of our product mix and recent investments made in growth, we have managed to maintain our gross margin rate at 18.7%,” said Louis Frenette, President and Chief Executive Officer of Colabor.

“I am also very happy with the assets acquisition made at the end of the quarter which will allow us to welcome new clients to Colabor. This customers acquisition fits perfectly into our growth plan for our Distribution activities across Quebec,” declared Mr. Frenette.

“In addition, the renewal of our credit facility concluded during the quarter, reaffirms the support and confidence of our current financial partners. As a result, we continue to execute our strategic plan, while maintaining prudent management of all of our financial conditions,” added Pierre Blanchette, Senior Vice President and Chief Financial Officer.

Results for the First Quarter of 2024

Consolidated sales for the first quarter were \$131.2 million, a decrease of 2.0% compared to \$133.9 million during the corresponding quarter of 2023. The increase in distribution activities sales by 0.4% is mainly explained by a volume increase, part of which is related to new contracts and the development of new territories, as well as the impact of inflation. This growth was mitigated by a more difficult macroeconomic environment during the first quarter of 2024 directly affecting the restaurant industry. Wholesale activities sales have decreased by 8.7%, mainly explained by a more difficult macroeconomic environment during the first quarter of 2024, as explained previously, and mitigated by the impact of inflation.

Adjusted EBITDA⁽¹⁾ from continuing activities was \$4.9 million or 3.7% of sales from continuing activities compared to \$5.6 million or 4.2% during 2023. The variation is mainly explained by the sales decrease, as explained above, and the increase of operating expenses.

Net loss from continuing operations and net loss were \$1.8 million, up from \$0.2 million for the corresponding quarter of the previous year, resulting essentially from an decrease of the adjusted EBITDA⁽¹⁾, combined with higher depreciation and amortization, and financial expenses, mitigated by higher income taxes recovery. The increase in financial charges is explained by the increase in our rental obligations, particularly for our premises located in Saint-Bruno-de-Montarville.

Cash Flow and Financial Position

Cash flows from operating activities were \$11.7 million for the first quarter compared to \$0.8 million for the corresponding period of 2023. This increase is mainly due to lower utilization of working capital⁽⁴⁾, mitigated by lower adjusted EBITDA⁽¹⁾. The lower utilization of working capital⁽⁴⁾ is explained by a higher collection of receivables in 2024 and timing of inventories purchases and supplier payments.

As at March 23, 2024, the Company's working capital⁽⁴⁾ was \$46.5 million, down from \$54.0 million at the end of the fiscal year 2023. This decrease is explained among other things by the seasonality effect, an improvement in the inventory turnover rate and timing of supplier payments.

As at March 23, 2024, the Company's net debt⁽²⁾ was up to \$56.8 million, compared to \$61.5 million at the end of the fiscal year 2023. This decrease is a result of credit facility repayment of \$3.0 million.

⁽⁴⁾ 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.

Outlook

“We enter 2024 in a good position to face the current macroeconomic environment. Our business model is resilient and we have the capacity for growth. Although we are currently experiencing some weaknesses in the restaurant channel, our diversification within the hotel, restaurant and institutional markets and our strong cash flows allow us to continue our development within the framework of our strategic plan. The diversification of our clientele into institutional and retail industries in recent years has been beneficial in the current market. We also intend to act on several fronts to continue to improve our productivity and operational efficiency. We will continue to pursue a strategy of prudent allocation of our significant cash flows by prioritizing debt repayment, while remaining on the lookout for investment opportunities that will maximize shareholder returns,” concluded Mr. 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")⁽¹⁾. 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.

Reconciliation of Net Loss to Adjusted EBITDA ⁽¹⁾ (in thousands of dollars)	12 weeks	
	2024	2023
	\$	\$
Net loss from continuing operations	(1,776)	(160)
Income taxes recovery	(616)	(107)
Financial expenses	2,589	1,242
Operating earnings	197	975
Expenses for stock-based compensation plan	15	89
Costs not related to current operations	99	49
Depreciation and amortization	4,571	4,461
Adjusted EBITDA⁽¹⁾	4,882	5,574

Additional Information

The Management's Discussion and Analysis and the consolidated financial statements of the Company are available on SEDAR+ (www.sedarplus.ca). 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.

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 6 "Risks and Uncertainties" of the Company's MD&A. These factors 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), which 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 Friday May 3, 2024, 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 019643# on your telephone keypad. The recording will be available from 1:30 p.m. on Friday, May 3, 2024, until 11:59 p.m. on May 10, 2024. Note that the recording will be available offline on our website at the following address:

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

You can also use the QuickConnect link: <https://emportal.ink/3POcj1M>. This new link allows any participant to access the conference call by clicking on the URL link and enter their name and phone number.

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 activities, Colabor offers specialty food products such as meat, fish and seafood, as well as food and related products through its Broadline activities.

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