



Interim condensed consolidated Financial Statements  
(unaudited)

**Third quarter of 2024**

**12 and 36-week periods ended September 7, 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 and 36-week periods ended September 7, 2024.

Interim Condensed Consolidated Statements of Earnings  
(unaudited)

**For the 12 and 36-week periods ended September 7, 2024 and September 9, 2023**

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

	Notes	12 weeks		36 weeks	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Sales</b>		<b>162,034</b>	164,700	<b>454,512</b>	462,809
Cost of goods sold		<b>131,969</b>	133,586	<b>369,883</b>	377,032
<b>Gross margin</b>		<b>30,065</b>	31,114	<b>84,629</b>	85,777
Operating expenses	3	<b>20,609</b>	20,143	<b>60,625</b>	60,087
Depreciation and amortization	4	<b>4,724</b>	4,700	<b>13,935</b>	13,842
Costs not related to current operations		<b>154</b>	99	<b>276</b>	150
<b>Operating earnings</b>		<b>4,578</b>	6,172	<b>9,793</b>	11,698
Financial expenses	5	<b>2,823</b>	1,271	<b>8,196</b>	3,896
<b>Earnings before taxes</b>		<b>1,755</b>	4,901	<b>1,597</b>	7,802
Income taxes		<b>591</b>	1,362	<b>530</b>	2,109
Net earnings from continuing operations		<b>1,164</b>	3,539	<b>1,067</b>	5,693
Net loss from discontinued operations		<b>(51)</b>	—	<b>(71)</b>	—
<b>Net earnings</b>		<b>1,113</b>	3,539	<b>996</b>	5,693
Basic and diluted net earnings per share from continuing operations	6	<b>0.01</b>	0.03	<b>0.01</b>	0.06
Basic and diluted net loss per share from discontinued operations	6	—	—	—	—
<b>Basic and diluted net earnings per share</b>	6	<b>0.01</b>	0.03	<b>0.01</b>	0.06

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

Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

**For the 12 and 36-week periods ended September 7, 2024 and September 9, 2023**

(in thousands of Canadian dollars)

	12 weeks		36 weeks	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Net earnings from continuing operations</b>	<b>1,164</b>	<b>3,539</b>	<b>1,067</b>	<b>5,693</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	(108)	(86)	(287)	(110)
Income taxes	29	23	76	29
<b>Other comprehensive loss from continuing operations</b>	<b>(79)</b>	<b>(63)</b>	<b>(211)</b>	<b>(81)</b>
<b>Comprehensive income from continuing operations</b>	<b>1,085</b>	<b>3,476</b>	<b>856</b>	<b>5,612</b>
<b>Net loss from discontinued operations</b>	<b>(51)</b>	<b>—</b>	<b>(71)</b>	<b>—</b>
Other comprehensive income (loss) that will not be subsequently reclassified to earnings:				
Remeasurement of defined benefit pension obligation	—	111	—	7
Income taxes	—	(30)	—	(2)
<b>Other comprehensive income from discontinued operations</b>	<b>—</b>	<b>81</b>	<b>—</b>	<b>5</b>
<b>Comprehensive (loss) income from discontinued operations</b>	<b>(51)</b>	<b>81</b>	<b>(71)</b>	<b>5</b>
<b>Comprehensive income</b>	<b>1,034</b>	<b>3,557</b>	<b>785</b>	<b>5,617</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 36-week periods ended September 7, 2024 and September 9, 2023**

(in thousands of Canadian dollars)

	Note	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 earnings		—	—	996	—	996
Other comprehensive loss		—	—	—	(211)	(211)
<b>Comprehensive income (loss)</b>		<b>—</b>	<b>—</b>	<b>996</b>	<b>(211)</b>	<b>785</b>
Stock-based compensation		—	80	—	—	80
Stock options exercised	9	22	(22)	—	—	—
<b>Balance as at September 7, 2024</b>		<b>257,076</b>	<b>6,811</b>	<b>(154,636)</b>	<b>93</b>	<b>109,344</b>

	Note	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 earnings		—	—	5,693	—	5,693
Other comprehensive income (loss)		—	—	5	(81)	(76)
<b>Comprehensive income (loss)</b>		<b>—</b>	<b>—</b>	<b>5,698</b>	<b>(81)</b>	<b>5,617</b>
Stock-based compensation		—	212	—	—	212
Stock options exercised	9	46	(46)	—	—	—
<b>Balance as at September 9, 2023</b>		<b>257,054</b>	<b>6,674</b>	<b>(155,468)</b>	<b>463</b>	<b>108,723</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 and 36-week periods ended September 7, 2024 and September 9, 2023**

(in thousands of Canadian dollars)

	Notes	12 weeks		36 weeks	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Net earnings from continuing operations		1,164	3,539	1,067	5,693
Non-cash items					
Deferred income taxes		31	546	(788)	350
Depreciation and amortization	4	4,724	4,700	13,935	13,842
Financial expenses	5	2,823	1,271	8,196	3,896
Other		28	62	80	211
		8,770	10,118	22,490	23,992
Net changes in working capital		1,134	(2,149)	4,137	(3,948)
		9,904	7,969	26,627	20,044
<b>Cash flows from investing activities</b>					
Acquisitions of property, plant and equipment		(320)	(9,071)	(1,849)	(11,578)
Acquisitions of intangible assets	7	(6)	(171)	(2,507)	(511)
Business acquisition, net of cash acquired		—	—	—	(1,000)
Other		23	(278)	(229)	(38)
		(303)	(9,520)	(4,585)	(13,127)
<b>Cash flows from financing activities</b>					
Net change in the credit facility	8	(3,750)	3,250	(5,500)	6,500
Lease liability payments		(1,787)	(2,971)	(5,644)	(8,474)
Financing cost paid		—	(5)	(281)	(5)
Financial expenses paid		(2,670)	(1,341)	(5,199)	(3,803)
		(8,207)	(1,067)	(16,624)	(5,782)
<b>Net change in cash and cash equivalents from continuing operations</b>		<b>1,394</b>	<b>(2,618)</b>	<b>5,418</b>	<b>1,135</b>
<b>Net change in cash and cash equivalents from discontinued operations</b>		<b>(51)</b>	<b>—</b>	<b>(71)</b>	<b>—</b>
<b>Cash and cash equivalents (bank indebtedness) at the beginning</b>		<b>1,004</b>	<b>2,478</b>	<b>(3,000)</b>	<b>(1,275)</b>
<b>Cash and cash equivalents (bank indebtedness) at the end</b>		<b>2,347</b>	<b>(140)</b>	<b>2,347</b>	<b>(140)</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 September 7, 2024 \$	As at December 30, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalent		2,347	—
Trade and other receivables		51,184	48,544
Inventories		49,861	50,730
Pension assets		403	403
Other	11	3,848	1,731
		<b>107,643</b>	<b>101,408</b>
<b>Non-current assets</b>			
Property, plant and equipment		22,882	23,510
Intangible assets	7	18,277	18,498
Right-of-use assets		105,895	106,954
Goodwill		73,072	73,072
Deferred tax assets		2,939	2,118
Other		1,514	2,270
		<b>224,579</b>	<b>226,422</b>
<b>Total assets</b>		<b>332,222</b>	<b>327,830</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness		—	3,000
Trade and other payables		52,840	45,293
Current portion of long-term debt	8	3,000	3,000
Current portion of lease liabilities		9,339	6,205
Other	11	1,069	939
		<b>66,248</b>	<b>58,437</b>
<b>Non-current liabilities</b>			
Long-term debt	8	49,885	55,522
Lease liabilities		105,742	104,732
Contingent consideration	7	386	—
Deferred tax liabilities		617	660
		<b>156,630</b>	<b>160,914</b>
<b>Total liabilities</b>		<b>222,878</b>	<b>219,351</b>
<b>Equity</b>			
Equity attributable to shareholders		109,344	108,479
<b>Total liabilities and equity</b>		<b>332,222</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 earnings 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 October 17, 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.

### Stock-based compensation

#### Performance stock unit plan

Since July 24, 2024, the Company has a performance stock units (PSUs) plan for certain officers and employees. The PSUs vest after a maximum three-year period, on the basis of established performance targets. The compensation cost of PSUs which will be paid in cash is recorded on a straight-line basis over the vesting period when it is likely that the performance conditions attached to the units will be met. The recorded liability is remeasured at each reporting period at fair value of the Company's shares, until settlement, and the changes are recognized as a financial expense.

### Standard issued but not yet in effect

#### Presentation and Disclosure in Financial Statements - IFRS 18

In April 2024, the IASB issued a new standard IFRS 18, Presentation and Disclosure in Financial Statements, to improve reporting of financial performance. IFRS 18 replaces IAS 1, Presentation of Financial Statements. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

## 3 Operating expenses

	12 weeks		36 weeks	
	2024	2023	2024	2023
	\$	\$	\$	\$
Employee compensation	13,985	13,767	42,017	41,107
Service contracts and variable portion related to lease contracts	757	971	2,429	3,152
Repair and maintenance	770	997	2,546	2,804
Utilities	972	950	2,912	2,938
Other expenses	4,125	3,458	10,721	10,086
	<b>20,609</b>	20,143	<b>60,625</b>	60,087



Notes to the Interim Condensed Consolidated Financial Statements  
(unaudited)

**For the 12 and 36-week periods ended September 7, 2024 and September 9, 2023**

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

## 4 Depreciation and amortization

	12 weeks		36 weeks	
	2024	2023	2024	2023
	\$	\$	\$	\$
Depreciation of property, plant and equipment	706	961	2,126	2,969
Amortization of intangible assets	1,043	940	3,083	2,826
Depreciation of right-of-use assets	2,975	2,799	8,726	8,047
	4,724	4,700	13,935	13,842

## 5 Financial expenses

	12 weeks		36 weeks	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest on credit facility	690	569	2,095	1,635
Interest on subordinated debt	284	250	826	751
Interest on lease obligations	1,707	413	4,863	1,202
Other	142	39	412	308
<b>Financial expenses</b>	<b>2,823</b>	<b>1,271</b>	<b>8,196</b>	<b>3,896</b>

## 6 Net earnings per share

### Earnings per share

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

	12 weeks		36 weeks	
	2024	2023	2024	2023
Net earnings from continuing operations	<b>1,164</b>	3,539	<b>1,067</b>	5,693
Net loss from discontinued operations	<b>(51)</b>	—	<b>(71)</b>	—
Net earnings	<b>1,113</b>	3,539	<b>996</b>	5,693
Weighted average number of basic outstanding shares	<b>101,992,245</b>	101,986,464	<b>101,988,391</b>	101,969,547
Effect of dilutive stock options	<b>1,074,014</b>	570,045	<b>933,618</b>	480,832
Weighted average number of diluted outstanding shares	<b>103,066,259</b>	102,556,509	<b>102,922,009</b>	102,450,379
Basic and diluted net earnings per share from continuing operations	<b>0.01</b>	0.03	<b>0.01</b>	0.06
Basic and diluted net loss per share from discontinued operations	—	—	—	—
Basic and diluted net earnings per share	<b>0.01</b>	0.03	<b>0.01</b>	0.06

As at September 7, 2024, 264,352 stock options (3,408,982 and 3,438,982 stock options in 2023) were not included in the calculation of diluted earnings per share for the 12 and 36-week periods because of their anti-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 September 7, 2024 \$	As at December 30, 2023 \$
Credit facility <sup>(a)</sup>		
Term loan	20,250	21,750
Revolving credit	18,000	22,000
Subordinated debts	15,000	15,000
Less unamortized financing costs	(365)	(228)
Total debt	52,885	58,522
Current portion of long-term debt	3,000	3,000
Total long-term debt	49,885	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 September 7, 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 September 7, 2024, the availability under the credit facility is \$28,500.

Financing costs of \$281 were incurred during the 36-week period ended on September 7, 2024, in connection with the execution of this credit agreement.

As at September 7, 2024, letters of credit amounting to \$3,500 (\$6,014 as at December 30, 2023) had been used to support the lease of one of the Company's distribution centers.

## 9 Share-capital

### Authorized

Unlimited number of participating, voting common shares without par value

Unlimited number of preferred shares that may be issued in series, whose designation, rights, restrictions and conditions related to each series shall be established at their time of issue

Notes to the Interim Condensed Consolidated Financial Statements  
(unaudited)

**For the 12 and 36-week periods ended September 7, 2024 and September 9, 2023**

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

**Issued and fully paid common shares**

	As at September 7, 2024		As at September 9, 2023	
	Number	Amount \$	Number	Amount \$
<b>Outstanding, beginning of period</b>	<b>101,986,464</b>	<b>257,054</b>	101,954,885	257,008
Issued	26,978	22	31,579	46
<b>Outstanding, end of period</b>	<b>102,013,442</b>	<b>257,076</b>	101,986,464	257,054

There were no outstanding preferred shares during the periods covered.

On August 21, 2024, 26,978 common shares were issued and an amount of \$22 was transferred from contributed surplus to share capital as part of conversion of stock-option.

## 10 Employee compensation

### Stock-based compensation

#### Stock option plan

During the 12 and 36-week periods ended September 7, 2024, the Company has not granted any stock options of the Company's common shares (none and 150,000 during the corresponding periods of 2023). The weighted average fair value of the options granted has been estimated at the award date using a binomial option pricing model based on the following assumptions during the 36-week period ended September 9, 2023:

	<b>2023</b> <b>36-week</b> <b>period ended</b> <b>September 9, 2023</b>
Weighted average fair value of the options	\$0.34
Risk-free interest rate	3.59%
Expected volatility of shares	57%
Expected annual dividend	—
Expected term	5.5 years
Share price at date of grant	\$0.77
Exercise price at date of grant	\$0.77

A summary of the Company's stock option plan and the changes that have occurred during the years is presented in the following:

	36 weeks			
	2024		2023	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
<b>Outstanding, beginning of period</b>	<b>4,623,982</b>	<b>0.94</b>	4,698,982	0.94
Granted	—	—	150,000	0.77
Exercised	<b>(75,000)</b>	<b>0.89</b>	(150,000)	0.60
Forfeiture	<b>(113,750)</b>	<b>1.04</b>	(56,250)	1.00
Expired	<b>(365,880)</b>	<b>1.22</b>	(18,750)	1.00
<b>Outstanding, end of period</b>	<b>4,069,352</b>	<b>0.92</b>	4,623,982	0.94
<b>Exercisable options</b>	<b>3,076,852</b>	<b>0.88</b>	2,588,982	0.93

Forfeited stock options have generated an employee compensation charge reversal of \$35 during the 36-week period ended September 7, 2024 (\$7 in 2023).

#### Performance share unit plan

During the 12 and 36-week periods ended September 7, 2024, the Company has granted 603,333 PSUs. These PSUs will be paid in cash when vested.

## 11 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

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**For the 12 and 36-week periods ended September 7, 2024 and September 9, 2023**

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

	As at September 7, 2024		As at December 30, 2023	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>Financial asset</b>				
Current				
Derivative financial instrument	126	126	—	—
Non-current				
Derivative financial instrument	—	—	413	413
<b>Financial liabilities</b>				
Current				
Contingent consideration	730	730	646	646
Non-current				
Credit facility	37,958	38,250	43,629	43,750
Subordinated debt	14,927	15,000	14,893	15,000
Contingent consideration	386	386	—	—
	<b>54,001</b>	<b>54,366</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 September 7, 2024, the fair value of the interest rate swap is an asset of \$126 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 and 36-week periods ended September 7, 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 36-week period ended September 7, 2024 compared to the description given in the consolidated financial statements for the year closed on December 30, 2023.