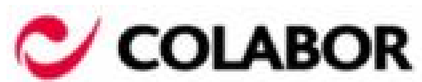

COLABOR GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS
("MD&A")

For the fiscal year and the fourth quarter ended December 28, 2024

As at February 25, 2025

COLABOR

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1. Scope of the MD&A and Notice to Investors

This Management's Discussion & Analysis ("MD&A") of Colabor Group Inc. and its subsidiaries (the "Company" or "Colabor") discusses the Company's net earnings, comprehensive income, financial situation and cash flows for the fourth quarter and fiscal year ended December 28, 2024. The fourth quarter numbers were unaudited while numbers presented for the fiscal year are audited. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes for the fiscal year ended December 28, 2024. These financial statements are in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standard Board ("IASB"). The financial statements have been published on the following sites: www.sedarplus.ca and www.colabor.com.

Forward-Looking Statements

This MD&A 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 2.3 "Development Strategies and Outlook" of this 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 8 "Risks and Uncertainties" of this 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 MD&A, information representing Colabor's expectations as of the date of this MD&A (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.

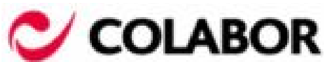
Seasonality

Colabor's fiscal year is comprised of thirteen periods of four weeks each. The first three quarters are comprised of three periods each and the fourth quarter includes four periods. The Company's year-end is the last Saturday of December.

As such result, the Company's sales and net earnings are proportionally less significant for the first, second and third quarters and more significant for the fourth quarter since the latter generally has 33% more days of operation in comparison with the other quarters of the period. Additionally, the Company's sales are seasonal, therefore generally lower sales volume is recorded during the first quarter in comparison with the other quarters.

Additionally, working capital generally fluctuates throughout the fiscal year due to the seasonal nature of operations, especially during Spring and Summer, and during the Holiday Season (i.e. Christmas and Easter). In order to meet higher seasonal demand, inventory requirements increase as well as trade and other receivables. The credit facility is used when needed to support this seasonal activity.

The shares of Colabor Group Inc. are traded on the Toronto Stock Exchange under the symbol GCL.



Additional information concerning the Company may be found on SEDAR+ at www.sedarplus.ca and on Colabor's website at www.colabor.com. The information contained on the Company's website is not included by reference in this MD&A.

2. About Colabor

2.1 Corporate Profile

Activities

Founded in 1962, Colabor distributes and markets food and food-related products in eastern Canada, specifically hotels, restaurants, institutions ("HRI") and retail markets. Colabor currently carries out the operational activities of distribution and wholesale.

A. Distribution Activities

Colabor's distribution activities consists of distribution of food products and related products in the HRI and retail markets. In this activity, the Company distributes both specialty products such as meat, fish and seafood ("Specialty Distribution"), as well as generalized food and related products ("Broadline Distribution").

i. Broadline Distribution

Quebec

Colabor is a major distributor to foodservice and retail customers in the vast majority of Quebec regions, and to a lesser extent in New Brunswick. Colabor distributes more than 10,000 products from its three strategically located warehouses in Lévis, Rimouski and Saint-Bruno-de-Montarville. Colabor's nearly around 5,000 customers consist primarily of restaurants, foodservice operators, specialty food stores and institutional accounts such as healthcare institutions, schools and universities, and certain other retail customers. Colabor has a complete product offering, including frozen products, dry staples, dairy products, meat, fish and seafood, fruits and vegetables, disposables and sanitation products. It therefore offers its customers a "one-stop-shop" solution.

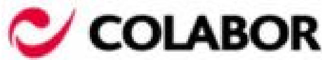
The warehouses located in Lévis and Saint-Bruno-de-Montarville hold the Safe Quality Food ("SQF") certification, a recognized standard for food safety and quality management applicable in particular to the warehousing and distribution sector in order to confirm to customers that our products are handled and distributed according to the most stringent worldwide standards. This SQF standard includes the *Hazard Analysis Critical Control Point* ("HACCP") system, to which management tools have been added to ensure its maintenance and continuous improvement. Colabor thus demonstrate to its current and future customers its willingness to offer a range of services in accordance with the highest food safety standards and quality.

ii. Speciality Distribution

Les Pêcheries Norref Québec Inc. ("Norref")

Norref is a specialized fresh fish and seafood products importer and distributor in the province of Quebec and is recognized as the leading distributor of this type in the province.

Norref operates from a distribution center in Montreal and is HACCP-certified and federally approved, which allows it to sell its products nationwide. Norref distributes a full range of fresh and frozen fish and seafood. It has a diversified client base comprised of supermarkets, restaurants, hotels and fish stores.



Lauzon Meats (“Lauzon”)

Lauzon prepares and processes various meats, including superior quality products for the provinces of Quebec and Ontario. Lauzon is known, among other things, for its products, expertise and for providing effective and flexible service to the HRI sector, as well as retail and industrial sector. Lauzon operates out of a plant located in Montreal that is HACCP-certified and federally approved, which allows it to sell its products nationwide.

B. Wholesale Activities

The Wholesale activities include the sale of general food related products to distributors from its distribution center of Saint-Bruno-de-Montarville. Wholesale activities sales consist of food and non-food products, supplied to distributors who then redistribute the products to over 25,000 customers operating in foodservice and retail industries in the province of Quebec and in the Atlantic provinces.

C. Durability

Colabor wants to stand out for its offer of local high-quality products that support a sustainable agricultural and fisheries ecosystem. To this end, the Company distributes products that have obtained recognized certifications highlighting their origin, quality, traceability and other sustainability principles. Colabor offers seafoods certified SeaChoice, Certified Sustainable Seafood from the Marine Stewardship Council (MSC), Farmed Responsibly ASC Certified from the Aquaculture Stewardship Council (ASC) and Ocean Wise. In 2021, the Company also signed an agreement to distribute local agricultural products with Maturin, a digital marketplace offering a wide selection of fresh and quality products produced by nearly 600 Quebec farms and processors. Colabor's Norref division received the "Blue Fork" certification at the beginning of the fiscal year 2023. This certification allows the company to meet the Government of Quebec's Biofood Policy requirements and to actively contribute to Quebec's food autonomy by increasing its offer of local marine products to the HRI sector.

2.2 Business Developments in 2024

During the fiscal year ended December 28, 2024, the following events have influenced the Company's general development and operations, reflecting the evolution of Colabor's transformational plan and growth.

Acquisition of assets

On March 15, 2024, the Company has acquired certain assets related to foodservice activities from Beaudry & Cadrin Inc. ("the Acquisition"). Refer to Note 12 Intangible assets of the consolidated financial statements for further details.

Amendment and restatement of the credit facility

On March 18, 2024, the Company entered into an amended and restated senior secured credit facility for a total amount of $71.8 million including a term loan of $21.8 million and a revolving credit of $50.0 million, of which $5.0 million in operating swingline. The credit facility, as amended and restated, now 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 agreement includes an accordion clause allowing, by mutual agreement, the credit facility to be increased by an additional $35.0 million and thus authorizing the repayment at maturity of our subordinated debt if the related conditions are met.

Changes to the Board of Directors

On May 16, 2024, Ms. Laurie Gauthier was elected as director of the Company.

On September 3, 2024, the Company announced that Mr. Jean Gattuso has tendered his resignation as director of the Company.

Renewal of a supply agreement

On October 18, 2024, the Company announced the renewal of a supply agreement with an institutional customer. This supply agreement between Colabor and the institutional customer, which was subject to a public bid solicitation process, was renewed. The two-year agreement, effective December 2, 2024, includes two six-month renewal options at the customer's discretion. This agreement represents 12.4% of the revenues for fiscal year 2024. This contract was awarded based upon the prevailing economic conditions in the market, which were significantly lower than the margins in effect before the renewal. In order to proactively manage the situation, Colabor has already implemented measures and identified several opportunities for 2025 in order to reduce the impact on future earnings.

Event since the end of fiscal year 2024

On February 19, 2025, the Company announced announced the signature of an agreement to acquire the assets related to the food distribution activities of Alimplus Inc. ("Alimplus"), operating under the name Mayrand Plus, and all of the shares of its subsidiary Tout-Prêt Inc. Refer to Note 24 "Subsequent Event" of the consolidated financial statements for further details.

2.3 Development Strategies and Outlook

Colabor has as main financial objectives to increase profitability and create value for its shareholders. In 2024, to achieve its objectives, the strategic plan was defined and based on the following pillars:

1. Accelerate the development of new distribution territories in Quebec
   - Continue the development in Western Quebec; and
   - Seize acquisition opportunities.
2. Optimize profitability and efficiencies
   - Improve product category management;
   - Continue the development of its private brands;
   - Increase specialized distribution (meat and fish); and
   - Investment and modernization of certain distribution centers and divisions.
3. Attract, retain and develop talent
   - Optimize the benefits of our new employer brand; and
   - Invest in employee training.
4. Renew and refresh our image
   - Continue to expand the local offering;
   - Investment in brand image; and
   - Implementation of environment, social and governance ("ESG") objectives.

Evolution of the 2024 Plan

At the end of 2023, we have moved to our new facilities in Saint-Bruno-de-Montarville, which represented the accomplishment of a key milestone in Colabor's next growth phase. During the first quarter of 2024, we therefore finalized the installation of those facilities. As a result, we were able to start serving distribution customers during the second quarter from those custom-designed facilities to allow Colabor to accelerate the growth of distribution activities in Western Quebec. With this growth in mind, we also continued to invest in our sales force to break into certain regions of Western Quebec during the fiscal year 2024.

We have also completed the Acquisition as mentioned previously, which is perfectly in line with our growth objective.

In 2024, investments continued to enhance the positioning and development of our private brand, while prioritizing local products.

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Following the launch of our employer brand in 2023, we further invested in 2024 in employee training at all levels, as well as in health and safety. We can also state that the efforts made had a positive impact on the employee turnover rate, which improved in 2024.

Plan for 2025

In 2025, the strategic plan to achieve its objectives is defined in continuity with 2024 and is based on the following pillars:

1. Accelerate the development of new distribution territories in Quebec
    - Continue the development in Western Quebec; and
    - Seize acquisition opportunities.
2. Optimize profitability and efficiencies
    - Improve product category management;
    - Continue the development of its private brands; and
    - Increase specialized distribution (meat and fish).
3. Attract, retain and develop talent
    - Invest in employee training; and
    - Invest in the health and safety of our employees.
4. Renew and refresh our image
    - Continue to expand the local offering;
    - Investment in brand image; and
    - Implementation of ESG objectives.

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2.4 Key Financial Performance Indicators

Performance Indicators	**52 weeks**	
(in thousands of dollars, except financial leverage ratio)	**2024**	**2023**
	$	**$**
Results and cash flow		
Sales from continuing operations	**657,093**	659,129
Net earnings from continuing operations	**1,615**	6,047
Adjusted EBITDA[1]	**35,380**	37,554
Cash flows from operating activities	**37,178**	28,943

Financial position	**As at December 28, 2024**	**As at December 30, 2023**
	$	**$**
Working Capital[2]	**50,288**	53,981
Financial Leverage Ratio[3]	**2.4x**	2.7x
Net debt[4]	**47,802**	61,481

[1] Non-IFRS measure. Refer to the table Reconciliation of Net Earnings to adjusted EBITDA in 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] 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 section 3.2 "Financial Position" for detailed calculation.
[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 and interests on lease obligations for the last four quarters. The corresponding figure for 2023 has been restated to reflect the new calculation method established for 2024. Refer to section 5 "Non-IFRS Performance Measures".
[4] Non-IFRS measure. Refer to 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.

Fiscal 2024 Highlights

- Consolidated sales were $657.1 million, decreased of 0.3% compared to fiscal year 2023. This decrease is explained by a more difficult macroeconomic environment in 2024 that directly affected the restaurant and retail industries.
- Net earnings from continuing operations were $1.6 million, a decrease of $4.4 million compared to a net earnings from continuing operations of $6.0 million for 2023. This result is explained by an increase in financial expenses due to lease obligations mainly for our new lease in Saint-Bruno-de-Montarville, and a decrease in adjusted EBITDA[1], as explained below, mitigated by a reduction of depreciation expenses and income taxes.
- Adjusted EBITDA[1] from continuing operations amounted $35.4 million or 5.4% of sales from continuing operations compared to $37.6 million or 5.7% of sales from continuing operations in 2023, a decrease of 5.8%. This decrease is mainly due to the decrease in sales and the increase in operating expenses.
- Net debt[4] decreased to $47.8 million as at December 28, 2024, compared to $61.5 million at the end of fiscal year 2023, resulting from the credit facility repayment of $7.3 million and an increase in cash. The financial leverage ratio[3] stands at 2.4x compared to 2.7x in 2023.
- As at December 28, 2024, the Company's working capital[2] was $50.3 million, down from $54.0 million at the end of fiscal year 2023. This decrease is the result of an improvement in the inventory and accounts receivable turnover rate and the timing in supplier payments.

2.5 Highlights of the Three Last Fiscal Years

Financial Highlights	52 weeks		53 weeks
(in thousands of dollars, except per share data and percentages)	2024	2023	2022
	$	$	$
Sales from continuing operations	**657,093**	659,129	574,071
Net earnings from continuing operations	**1,615**	6,047	4,551
Net loss from discontinued operations	**(59)**	(455)	(486)
Adjusted EBITDA[1]	**35,380**	37,554	29,068
Adjusted EBITDA margin[1]	**5.4%**	5.7%	5.1%
Basic and diluted net earnings per share from continuing operations	**0.02**	0.06	0.04
Basic and diluted net loss per share from discontinued operations	**—**	(0.01)	—
Total assets	**330,441**	327,830	240,691
Non-current financial liabilities[2]	**48,130**	55,522	43,375

[1] Adjusted EBITDA and adjusted EBITDA margin are non-IFRS measures. Refer to section 5 "Non-IFRS Performance Measures". Adjusted EBITDA margin is calculated this way: Adjusted EBITDA divided by sales for the corresponding period.
[2] Non-current financial liabilities include long-term debt.

The increase in sales from continuing operations of fiscal year 2023 compared to fiscal year 2022 resulting mainly from an increase in volume given, among other things, the conclusion of two distribution contracts with chains, the fact that there were no lockdown measures in 2023 compared to 2022, and the impact of inflation, mitigated by the effect of the additional week in the 2022 fiscal year.

The increase in net earnings from continuing operations for the fiscal year 2023 compared to 2022 is mainly due to the increase of adjusted EBITDA[1] and a decrease of costs not related to current operations, mitigated by the increase in depreciation and financial expenses.

The increase in adjusted EBITDA[1] for fiscal year 2023 compared to 2022 is mainly explained by the increase in sales and the improvement in gross margin, resulting from a better mix of products and customers, mitigated, among other things, by an increase in labor costs and other supply chain costs, in connection with the increase in sales, as well as investments to expand our territory.

The increase in non-current liabilities as at December 30, 2023 compared to the previous fiscal year explained by the additional use of the credit facility for $12.0 million in connection with the equipment purchases related to our new warehouse in Saint-Bruno-de-Montarville.

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3. Operational and Financial Results

3.1 Operating Results

Summary of Operating Results for the 16 and 52-week periods ended December 28, 2024

(in thousands of dollars, except percentages)

	16 weeks			52 weeks		
	2024	**2023**	**Variance**	**2024**	**2023**	**Variance**
	$	**$**	**%**	**$**	**$**	**%**
Sales	**202,581**	196,320	3.2	**657,093**	659,129	(0.3)
Cost of goods sold	**165,374**	159,064	4.0	**535,257**	536,096	(0.2)
Operating expenses[2]	**25,911**	25,604	1.2	**86,456**	85,479	1.1
Operating costs	**191,285**	184,668	3.6	**621,713**	621,575	0.0
Adjusted EBITDA[1]	**11,296**	11,652	(3.1)	**35,380**	37,554	(5.8)
Adjusted EBITDA margin[1]	**5.6%**	5.9%		**5.4%**	5.7%	

[1] The adjusted EBITDA and the adjusted EBITDA margin are non-IFRS measures. Refer to section 5 "Non-IFRS Performance Measures". The adjusted EBITDA margin is calculated as adjusted EBITDA divided by sales for the corresponding period.
[2] The operating expenses are adjusted to exclude the expenses related to stock-based compensation plans.

3.1.1 Consolidated Sales

Consolidated sales for the fourth quarter of 2024 were $202.6 million compared to $196.3 million during the corresponding quarter of last fiscal year, representing an increase of 3.2%.

- Distribution activities sales have increased by 5.6%, primarily as a result of a volume increase, part of which is related to the development of new territories, as well as the impact of inflation and the recent Acquisition. This growth was mitigated by a more difficult macroeconomic environment during the fourth quarter of 2024 directly affecting the restaurant and retail industries.

- Wholesale activities sales have declined by 3.8%, mainly as a result of a more difficult macroeconomic environment during the fourth quarter of 2024, as explained previously, and mitigated by the impact of inflation.

Cumulative consolidated sales for the fiscal year 2024 were $657.1 million compared to $659.1 million during last fiscal year, representing a decrease of 0.3%.

- Distribution activities sales have increased by 2.4%, primarily as a result of a volume increase, part of which is related to development of new territories, as well as the impact of inflation and the recent Acquisition. This growth was mitigated by a more difficult macroeconomic environment directly affecting the restaurant and retail industries.

- Wholesale activities sales have decreased by 7.7%, mainly as a result of a more difficult macroeconomic environment, as explained previously, and mitigated by the impact of inflation.

3.1.2 Operating Costs

Consolidated operating costs for the fourth quarter of 2024 were $191.3 million compared to $184.7 million for the corresponding period of 2023, an increase of 3.6%.

- The increase in operating costs is mostly explained by the increase in cost of goods sold of 4.0% in connection with the sales increase of 3.2%, combined with a decrease in gross margin in the fourth quarter of 2024 compared to 2023 due to an unfavorable client mix.

Cumulative consolidated operating costs for the fiscal year 2024 of $621.7 million are comparable to $621.6 million in 2023.

- The increase in operating costs is mostly due to the increase in operating expenses, combined with a slight decrease in gross margin compared to 2023 due to an unfavorable client mix, is mitigated by a decrease in cost of goods sold of 0.2% in connection with the sales decrease of 0.3%.

3.1.3 Adjusted EBITDA

Adjusted EBITDA[(1)] for the fourth quarter of 2024 amounted to $11.3 million compared to $11.7 million in the corresponding quarter of the previous year, a decrease of 3.1% and as a percentage of sales, adjusted EBITDA margin[(1)] reached 5.6% compared to 5.9% for the corresponding period of 2023. These variations were the result of a decrease in gross margin, as previously explained.

Cumulative adjusted EBITDA[(1)] for the fiscal year 2024 reached $35.4 million compared to $37.6 million in the previous year, a decrease of 5.8% and as a percentage of sales, adjusted EBITDA margin[(1)] reached 5.4% compared to 5.7% in 2023. These variations were the result of a decrease in sales, as well as an increase in operating costs and a slight decrease in gross margin, as explained previously.

3.1.4 Costs not Related to Current Operations

The costs not related to current operations for the fourth quarter of 2024 was $0.5 million, compared to $0.8 million for the corresponding quarter of 2023. The costs not related to current operations of the fiscal year 2024 was $0.8 million, compared to $0.9 million for the fiscal year 2023. The costs for 2024 mainly consist of legal and professional fees and other charges related to non-current activities and completed and potential acquisitions. The costs of 2023 mainly consist of moving costs of the head office and warehouse, which were located in Boucherville, to new facilities in Saint-Bruno-de-Montarville.

3.1.5 Depreciation and Amortization

Depreciation and Amortization for the 16 and 52-week periods ended December 28, 2024

(in thousands of dollars, except percentages)

	16 weeks			52 weeks		
	2024	**2023**	**Variance**	**2024**	**2023**	**Variance**
	$	**$**	**%**	**$**	**$**	**%**
Depreciation of property, plant and equipment	**913**	1,265	(27.8)	**3,039**	4,234	(28.2)
Amortization of intangible assets	**1,407**	1,486	(5.3)	**4,490**	4,312	4.1
Depreciation of right-of-use assets	**4,092**	4,762	(14.1)	**12,818**	12,809	0.1
Depreciation and Amortization	**6,412**	7,513	(14.7)	**20,347**	21,355	(4.7)

[(1)] EBITDA and Adjusted EBITDA are non-IFRS measures. Refer to section 5 "Non-IFRS Performance Measures" for definitions and reconciliations to the most directly comparable IFRS measures.

For the fourth quarter of 2024, depreciation and amortization expense was down by 14.7% compared to 2023, and is mainly explained by the decrease in depreciation of right-of-use assets, combined with certain fully depreciated property, plant and equipment, and intangible assets.

For the fiscal year 2024, depreciation and amortization expense was down to 4.7% compared to 2023, and is mainly explained by the decrease in depreciation of property, plant and equipment, mitigated by the acquisition of intangible assets.

3.1.6 Financial Expenses

Financial Expenses for the 16 and 52-week periods ended December 28, 2024

(in thousands of dollars, except percentages)

	16 weeks			52 weeks		
	2024	**2023**	**Variance**	**2024**	**2023**	**Variance**
	$	**$**	**%**	**$**	**$**	**%**
Interest on credit facility	**760**	870	(12.6)	**2,855**	2,505	14.0
Interest on subordinated debt	**378**	333	13.5	**1,204**	1,084	11.1
Interest on lease obligations	**2,312**	1,492	55.0	**7,175**	2,694	166.3
Other	**126**	34	270.6	**538**	342	57.3
Financial expenses	**3,576**	2,729	31.0	**11,772**	6,625	77.7

Financial expenses for the fourth quarter of 2024 amounted to $3.6 million, compared to $2.7 million for the corresponding period of 2023. This increase is explained by higher lease obligations including the promises located in Saint-Bruno-de-Montarville which we took possession of towards the end of last fiscal year, mitigated by lower debt level.

Financial expenses for fiscal year 2024 amounted to $11.8 million, compared to $6.6 million for 2023. This increase is explained by the increase in our lease obligations as explained, combined with a higher debt level.

3.1.7 Income Taxes

Income taxes expense for the fourth quarter of 2024 and 2023 are similar and amounted to $0.2 million.

For the fiscal year 2024, income taxes expense amounted to $0.7 million, compared to $2.3 million for the previous fiscal year. The variation is essentially explained by the decrease of earnings before taxes.

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3.1.8 Net Earnings

Net Earnings of the 16 and 52-week periods ended December 28, 2024

(in thousands of dollars, except net earnings per share and percentages)

	16 weeks			52 weeks		
	2024	**2023**	**Variance**	**2024**	**2023**	**Variance**
	$	**$**	**%**	**$**	**$**	**%**
Net earnings from continuing operations	**548**	354	54.8	**1,615**	6,047	(73.3)
Net earnings (loss) from discontinued operations	**12**	(455)	(102.6)	**(59)**	(455)	(87.0)
Net earnings (loss)	**560**	(101)	(654.5)	**1,556**	5,592	(72.2)
Basic and diluted net earnings per share from continuing operations	**0.01**	—	—	**0.02**	0.06	(66.7)
Basic and diluted net loss per share from discontinued operations	**—**	—	—	**—**	(0.01)	100.0
Basic and diluted net earnings per share	**0.01**	—	—	**0.02**	0.05	(60.0)

Net earnings from continuing operations for the fourth quarter of 2024 were $0.5 million or $0.01 per share, compared to $0.4 million, or $0.00 per share for the corresponding period of last fiscal year. The main variations are decreased depreciation and amortization expenses and costs not related to current operations, mitigated by an increase in financial expenses, as previously explained, as well as a decreased adjusted EBITDA[1]. Net earnings for the fourth quarter of 2024 were $0.6 million, or $0.01 per share, compared to net loss of $0.1 million, or $0.00 per share for the corresponding period of last fiscal year. The variation is explained by the facts described above, mitigated by the $0.5 million net loss from discontinued operations for the corresponding quarter of 2023, related to an actuarial loss in connection with the wind-up of the defined benefit pension plan. The weighted average number of basic shares outstanding during the fourth quarter of 2024 was 102,013,442 compared to 101,986,464 for the corresponding period of 2023.

Net earnings from continuing operations for cumulative fiscal year 2024 were $1.6 million or $0.02 per share, down from $6.0 million, or $0.06 per share during fiscal year 2023. This variation is a result of increased financial expenses as explained previously, combined with a decrease of adjusted EBITDA[1] and mitigated by lower income taxes expenses and depreciation and amortization. Net earnings for cumulative fiscal year 2024 were $1.6 million, or $0.02 per share, down by $4.0 million from $5.6 million, or $0.05 per share during fiscal year 2023. The variation is explained by the facts described above, mitigated by the $0.5 million net loss from discontinued operations, as explained above. The weighted average number of basic shares outstanding during the fiscal year 2024 was 101,996,099 compared to 101,974,752 for fiscal year 2023.

[1] EBITDA and Adjusted EBITDA are non-IFRS measures. Refer to section 5 "Non-IFRS Performance Measures" for definitions and reconciliations to the most directly comparable IFRS measures.

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3.2 Financial Position

The following table presents the main elements of consolidated current assets and liabilities, that make up the Company's working capital[(2)].

(in thousands of dollars)

	As at December 28, 2024 $	As at December 30, 2023 $	Variance $
Current assets			
Trade and other receivables	**50,835**	48,544	2,291
Inventories	**50,423**	50,730	(307)
Current assets	**101,258**	99,274	1,984
Current liabilities			
Trade and other payables	**50,970**	45,293	5,677
Working capital[(2)]	**50,288**	53,981	(3,693)

[(2)] Working capital is a non-IFRS performance measure. The Company calculates its working capital as described above. See section 1 "Scope of the MD&A and Notice to Investors" for more information on the seasonality of sales.

As at December 28, 2024, the Company's working capital[(2)] was $50.3 million, down by $3.7 million compared to the end of the last fiscal year. This decrease is explained as follows:

Trade and Other Receivables

Trade and other receivables balance was up $2.3 million from December 30, 2023, due to higher sales.

Inventories

Inventory balance decreased by $0.3 million from December 30, 2023. This decrease is explained by an improvement in inventory turnover rate.

Trade and Other Payables

The balance of trade and other payables increased by $5.7 million from December 30, 2023, mainly due to the timing of supplier payments and the increase in volume during the fourth quarter of 2024.

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3.3 Other Significant Changes in Financial Position

The following table presents the other significant items of the Company's financial position as at December 28, 2024, and their corresponding variances from the fiscal year ended December 30, 2023.

(in thousands of dollars)

	As at December 28, 2024 $	As at December 30, 2023 $	Variance $
Pension assets	—	403	(403)
Property, Plant and Equipment	**22,359**	23,510	(1,151)
Intangible Assets	**17,011**	18,498	(1,487)
Right-of-use Assets	**106,416**	106,954	(538)
Deferred Tax Assets	**3,192**	2,118	1,074
Long-Term Debt	**51,130**	58,522	(7,392)
Lease Liabilities	**116,942**	110,937	6,005
Contingent Consideration	**407**	646	(239)
Equity Attributable to Shareholders	**109,844**	108,479	1,365

Pension assets

The complete liquidation of the defined benefit pension plan took place in 2024, and a final reimbursement was received during the year.

Property, Plant and Equipment

The decrease in property, plant and equipment is mainly due to depreciation, offset by acquisitions.

Intangible Assets

The decrease in intangible assets is mainly due to amortization, offset by the recent Acquisition for an amount of $2.5 million.

Right-of-use Assets

The decrease in right-of-use assets is mainly due to depreciation, mitigated by the signing of new leases.

Deferred Tax Assets

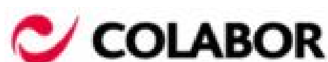
The increase in deferred tax assets comes mainly from the creation of tax attributes during the current fiscal year.

Long-Term Debt

Long-term debt decrease is mainly due to the repayments of the credit facility during the current fiscal year.

Lease Liabilities

The increase in lease liabilities is mainly due to the signing of new leases, mitigated by the payments made during the current fiscal year.



Contingent Consideration

The decrease in contingent consideration comes mainly from payment of the last installments for an acquisition dated from 2022, mitigated by the recent Acquisition and the financial actualization expense.

Equity Attributable to Shareholders

The increase in shareholders' equity is mainly due to net earnings, mitigated by other comprehensive loss for the fiscal year.

3.4 Data Related to Outstanding Shares

The following table presents the Company's shares and options data as at February 21, 2025. Refer to Notes 9, 17 and 19 of the audited consolidated financial statements for further details.

(in thousands of dollars, except the number of shares and the number of stock-options)

	Number of shares / stock-options	**$**
Common shares		
Participating and voting common shares	102,013,442	257,076
Options on participating and voting stock		
Outstanding options	4,069,352	
Exercisable options	3,076,852	

3.5 Cash Flows

The following table represents consolidated cash flows of the 16 and 52-week periods ended December 28, 2024.

(in thousands of dollars)

	16 weeks		**52 weeks**	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Cash flows from operating activities	**10,551**	8,899	**37,178**	28,943
Cash flows from investing activities	**(2,218)**	(7,139)	**(6,803)**	(20,266)
Cash flows from financing activities	**(7,598)**	(1,240)	**(24,222)**	(7,022)
Net change in cash and cash equivalents from continuing operations	**735**	520	**6,153**	1,655
Net change in cash and cash equivalents from discontinued operations	**392**	(3,380)	**321**	(3,380)
Cash and cash equivalents (bank indebtedness) at the beginning	**2,347**	(140)	**(3,000)**	(1,275)
Cash and cash equivalents (bank indebtedness) at the end	**3,474**	(3,000)	**3,474**	(3,000)

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Operating Activities

Cash flows from operating activities amounted to $10.6 million and $37.2 million for the 16 and 52-week periods of 2024 respectively, compared to $8.9 million and $28.9 million for the corresponding periods of 2023. This increase is mainly due to lower utilization of working capital[2], mitigated by the decreased adjusted EBITDA[1]. The lower utilization of working capital[2] is explained by the improvement in the inventory turnover rate and the timing in supplier payments.

Investing Activities

Cash flows used in investing activities amounted to $2.2 million for the fourth quarter of 2024, compared to $7.1 million for the corresponding period of 2023. The variation is mainly due to a decrease in acquisitions of property, plant and equipment. In 2023, equipments related to the relocation to our new warehouse located in Saint-Bruno-de-Montarville were acquired.

Cash flows used in investing activities amounted to $6.8 million for fiscal year 2024, compared to $20.3 million for the fiscal year 2023. These variations are mainly due to a decrease in acquisitions of property, plant and equipment, as previously explained, net of the acquisition of intangible assets of $2.5 million as part of the recent Acquisition.

Financing Activities

Cash flows used in financing activities amounted to $7.6 million for the fourth quarter of 2024, down from $1.2 million for the corresponding period of 2023. The variation is primarily due to a repayment of the credit facility of $1.8 million, compared to an additional use of $5.5 million in 2023, and an increase in financial expenses paid, mitigated by a decrease in disbursements related to rental obligations.

Cash flows used in financing activities amounted to $24.2 million for fiscal year 2024, compared to $7.0 million for the fiscal year 2023. The variation is primarily due to a repayment of the credit facility of $7.3 million, compared to the additional use of $12.0 million in 2023, and an increase in financial expenses paid, mitigated by a decrease in disbursements related to rental obligations.

Change in cash and cash equivalents of discontinued operations

The net change in cash and cash equivalents from discontinued operations is due to the reimbursement of retirement assets following the wind-up of the plan, as explained previously, compared to a payment of the retirement obligation in 2023.

Payments Due

Undiscounted cash flows, including capital and interest related to the Company's liabilities expire as follows:

(in thousands of dollars)

		Payments due per period			
Contractual obligations	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**5 years and over**
	$	**$**	**$**	**$**	**$**
Trade and other payables	50,970	50,970	—	—	—
Credit facility	42,589	5,157	9,691	27,741	—
Subordinated debt	16,269	1,088	15,181	—	—
Contingent consideration	500	—	500	—	—
Lease liabilities	193,904	16,849	29,717	24,559	122,779
Commitments	2,169	982	1,186	1	—
	306,401	75,046	56,275	52,301	122,779

[1] EBITDA and Adjusted EBITDA are non-IFRS measures. Refer to section 5 "Non-IFRS Performance Measures" for definitions and reconciliations to the most directly comparable IFRS measures.

[2] 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 section 3.2 "Financial Position" for detailed calculation.

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3.6 Capital Resources

During the fiscal year 2025, the Company anticipates that it will require cash to finance:

- its fixed assets investments;
- its opportunities investment; and
- its contractual obligations.

Available sources of internal and external financing are:

- cash flows from operating activities; and
- unused portion of the credit facility.

As at December 28, 2024, the Company was in compliance with all debt covenants. The Company is expecting to be able to meet its obligations for the next 12 months by using future cash flows from operations and the unused portion of the credit facility.

As at December 28, 2024 the Company had the following sources of financing:

Credit Facility

A senior secured credit facility for a total amount of $72.0 million, including a term loan of $22.0 million and a revolving credit of $50.0 million, of which $5.0 million 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 leverage ratios, for an effective borrowing rate of 7.44% in 2024. 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[1], financial expenses and total debt which were met as at December 28, 2024. The term loan is repayable quarterly, for an annual amount of $3.0 million. By mutual agreement, the credit facility may be increased by $35.0 million and thus authorizing the repayment at maturity of the subordinated debt if the related conditions are met. As at December 28, 2024, the availability under the credit facility is $29.5 million.

Subordinated debt

A subordinated debt of $15.0 million. The subordinated debt bears interest at a rate of 7.25% to 8.25% depending on the Company's leverage ratios, payable quarterly and matures on February 18, 2026. The subordinated debt is secured by a mortgage on all present and future assets of the Company, which is subordinated to the first-ranking security on the credit facility.

Share Capital

Colabor's share-capital consist of an unlimited number of common and preferred shares that may be issued in series, without nominal value. A summary of designation, rights, restrictions and conditions related to common and preferred shares is presented in Colabor's Annual Information Form ("AIF") dated February 25, 2025 and is available on the SEDAR+ website at www.sedarplus.ca.

[1] EBITDA and Adjusted EBITDA are non-IFRS measures. Refer to section 5 "Non-IFRS performance measures" for definitions and reconciliations to the most directly comparable IFRS measures.

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4. Summary of Recent Quarters

The following table presents a summary of results for the last eight quarters:

(in thousands of dollars, except per share data)

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(16 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(12 weeks)	(12 weeks)	(12 weeks)
	$	$	$	$	$	$	$	$
Sales	**202,581**	162,034	161,278	131,200	196,320	164,700	164,186	133,923
Adjusted EBITDA[1]	**11,296**	9,484	9,718	4,882	11,652	11,034	9,294	5,574
Costs not related to current operations	**519**	154	23	99	787	99	2	49
Net earnings (loss) from continuing operations	**548**	1,164	1,679	(1,776)	354	3,539	2,314	(160)
Net earnings (loss) from discontinued operations	**12**	(51)	(20)	—	(455)	—	—	—
Net earnings (loss)	**560**	1,113	1,659	(1,776)	(101)	3,539	2,314	(160)
Basic and diluted net earnings (loss) per share from continuing operations	**0.01**	0.01	0.02	(0.02)	—	0.03	0.02	—
Basic and diluted net earnings (loss) per share	**0.01**	0.01	0.02	(0.02)	—	0.03	0.02	—

Net earnings for the first quarter of each financial year are generally negatively impacted by seasonality. Net loss for the fourth quarter of 2023 was negatively impacted by costs not related to current operations related to the relocation of the head office and warehouse, which were located in Boucherville, to new premises in Saint-Bruno-de-Montarville.

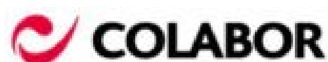
5. Non-IFRS Performance Measures

This MD&A also contains information that follows non-IFRS measures of performance. Such information should not be considered in isolation or as a substitute for other IFRS performance measures, but rather as supplementary information. These measures are widely used in the financial community to evaluate the profitability of operations. They reflect the inclusion or exclusion of certain amounts that are not considered representative of the Company's recurring financial performance. Since these concepts are not defined by IFRS, they may not be comparable with those of other companies.

Adjusted EBITDA

It is a measure commonly used by management, as well as investors and analysts, that can assess of an entity's performance and capacity of generating cash flows from its current operations. Adjusted EBITDA corresponds to net earnings to which the following items are added: depreciation and amortization, costs not related to current operations, expenses for stock-based compensation plan, financial expenses and income taxes.

[1] EBITDA and Adjusted EBITDA are non-IFRS measures. Refer to section 5 "Non-IFRS Performance Measures" for definitions and reconciliations to the most directly comparable IFRS measures.



Reconciliation of Net Earnings to Adjusted EBITDA

(in thousands of dollars)

	16 weeks		52 weeks	
	2024	2023	2024	2023
	$	$	$	$
Net earnings from continuing operations	**548**	354	**1,615**	6,047
Income taxes	**209**	190	**739**	2,299
Financial expenses	**3,576**	2,729	**11,772**	6,625
Operating earnings	**4,333**	3,273	**14,126**	14,971
Expenses for stock-based compensation plan	**32**	79	**112**	291
Costs not related to current operations	**519**	787	**795**	937
Depreciation and amortization	**6,412**	7,513	**20,347**	21,355
Adjusted EBITDA	**11,296**	11,652	**35,380**	37,554

Net Debt

Net debt corresponds to bank indebtedness, current portion of long-term debt and long-term debt, net of cash as presented in Colabor's consolidated statements of financial position. The measure is used by investors and is used to calculate the financial leverage ratio.

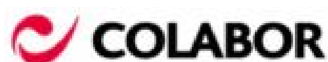
The following table presents the calculation of net debt:

(in thousands of dollars)

	As at December 28, 2024	As at December 30, 2023
	$	$
(Cash) bank indebtedness	**(3,698)**	2,731
Current portion of long-term debt	**3,000**	3,000
Long-term debt	**48,500**	55,750
Net debt	**47,802**	61,481

Financial Leverage Ratio

The financial leverage ratio is defined as net debt divided by adjusted EBITDA from continuing operations from which are deducted the lease liability payments for the last four quarters, as presented in the consolidated statement of cash flows, and the interests on lease liabilities for the last four quarters, as presented in section 3.1.6 Financial Expenses. The ratio is used by management to assess its ability to borrow capital.



The following table presents the calculation of financial leverage ratio:

(in thousands of dollars)

	As at December 28, 2024 $	As at December 30, 2023 $
Last four-quarter adjusted EBITDA	**35,380**	37,554
Last four-quarter lease liability payments	**8,125**	12,390
Last four-quarter lease liability interest	**7,175**	2,694
Financial Leverage Ratio[1]	**2.4x**	2.7x

[1] In 2024, the Company has modified the calculation of the financial leverage ratio to align with the one used by its lenders and to better reflect its actual financial position. Therefore, the corresponding figure of 2023 has been restated to subtract also the lease liability interests of $2.7 million from the adjusted EBITDA for the last four quarters for comparability.

6 Related Party Transaction

The Company's related party transactions include transactions with its key management personnel and directors. Unless otherwise indicated, none of the transactions comprise special characteristics or terms and conditions. The balances are generally paid in cash.

7. Off-Balance Sheet Transaction

The Company does not have any off-balance sheet transaction obligations, other than $3.5 million ($6.0 million as at December 30, 2023) in letters of credit to support the leasing of one of the Company's distribution centers (two as at December 30, 2023).

8. Risks and Uncertainties

The Company's activities are subject to numerous risks and uncertainties that are described in detail in its February 25, 2025, Annual Information Form (the "AIF"), which may be viewed on the SEDAR+ website at www.sedarplus.ca and on the Company's website at www.colabor.com. The risks described in the AIF are incorporated by reference in this MD&A.

9. Significant Estimates and Judgments

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These judgments and estimates are based on facts and information that are available to management, and are reassessed yearly at the end of each reporting period. The actual results are likely to differ from judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided in Note 3 Significant estimates and judgments in the consolidated financial statements.

10. Internal Controls Over Financial Reporting

Management has designed and assessed disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) to provide reasonable assurance that the financial information presented by the Company is reliable and that the financial statements it releases to the public are prepared in accordance with IFRS.

The President and CEO as well as the Senior Vice President and Chief Financial Officer have assessed, in accordance with Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the design and effectiveness of ICFR and DC&P as at December 28, 2024. On the basis of this assessment, they have concluded that the design and effectiveness of ICFR and DC&P are effective. For the fiscal year ended December 28, 2024, the President and CEO as well as the Senior Vice President and Chief Financial Officer have also assessed that there were no changes in the internal control over financial reporting process or in the disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

11. New Accounting Policies

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, which will replace IAS 1, Presentation of Financial Statements. The new standard will change how companies present their results in the main body of the statement of earnings (loss) and provide information in the notes to the financial statements. In addition, IFRS 18 provides the framework for the disclosure of certain non-IFRS information, such as management's performance measures, which will be included in the audited financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. A retrospective application is required, and so comparative information needs to be prepared under IFRS 18. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB amended IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures to address diversity in accounting practice by making the requirements more understandable and consistent, including clarification of the date of recognition and derecognition of some financial assets and liabilities. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB amended IAS 1, Presentation of financial statements. The classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. In October 2022, the IASB issued further amendments clarifying how to address the effects on classification and disclosure of covenants which an entity is required to comply with on or before the reporting date and covenants which an entity must comply with only after the reporting date. On December 29, 2024, the Company will apply these amendments, which are not expected to have a significant impact on its consolidated financial statements.

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12. 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:

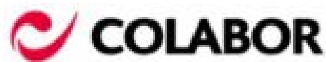
(in thousands of dollars)

		As at December 28, 2024		**As at December 30, 2023**
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Financial asset				
Current				
Derivative financial instrument	**24**	**24**	—	—
Non-current				
Derivative financial instrument	—	—	413	413
	24	**24**	413	413
Financial liabilities				
Current				
Contingent consideration	—	—	646	646
Non-current				
Credit facility	**36,187**	**36,500**	43,629	43,750
Subordinated debt	**14,943**	**15,000**	14,893	15,000
Contingent consideration	**407**	**407**	—	—
	51,537	**51,907**	59,168	59,396

In April 2021, the Company entered into an interest rate swap agreement with an initial nominal value of $15.0 million to cover the risk of interest rate fluctuations on a portion of its credit facility beginning in March 2022 until January 31, 2025. The interest rate fixed by the swap is 1.43%. Since this interest rate swap meet the hedge accounting conditions, changes in fair value are recognized in other comprehensive income.

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 December 28, 2024, the fair value of the interest rate swap is an asset 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

When determining an asset or a liability's fair value, the Company uses observable market data as much as possible. Financial assets and liabilities measured at fair value are presented using a three-level fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements of these items. The three fair value hierarchy levels are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

As at December 28, 2024, the Company has classified the fair value measurement of the credit facility, the subordinated debt and of the interest rate swap as Level 2, and the contingent consideration as Level 3. There was no transfer between the levels during the fiscal year 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, its financial risk management policies are detailed below. The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

Interest rate risk

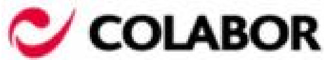
The credit facility bears interest at variable rates, and this exposes the Company to the cash flow risks resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not result in any interest rate risk since they do not bear interest at variable rates. The Company manages its exposure to interest rate risk by favoring an appropriate mix of fixed and floating rate financial liabilities.

The sensitivity analysis includes items bearing interest at variable rates and indicates that a reasonably possible 1.0% fluctuation in the interest rate on current market conditions would have an impact of $0.2 million on net earnings in 2024 ($0.2 million in 2023).

In addition, the Company entered into an interest rate swap agreement with an initial nominal value of $15.0 million with a financial institution in order to hedge the risk of fluctuations in interest rates on a portion of its credit facility beginning in March 2022 and until January 31, 2025. The Company periodically reviews the level of the debt on which the interest rates must be fixed.

Credit risk

The carrying amount on the consolidated statements of financial position of trade and other accounts receivable and other assets represents the maximum amount exposed to credit risk.



The Company's credit risk is primarily attributable to its trade accounts receivable and other assets. The credit risk related to trade accounts receivable is generally diversified. The Company requires a guarantee or letter of credit from some of its customers. As at December 28, 2024, the Company had guarantees for about 1.1% of its trade accounts receivable (1.2% as at December 30, 2023). In addition, some customers have to make prepayments or payments on delivery in order to minimize credit risks.

The Company's policy is to have each customer undergo a credit check.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and sources of financing in the form of authorized bank loans. The Company establishes budget estimates and cash flow forecasts to ensure it has the necessary funds to fulfill its obligations. These forecasts are updated on a regular basis. According to our updated forecast based on information currently available to management, the Company is expecting to be able to meet its obligations for the next 12 months by using future cash flows from operating and funds available under the credit facility in place.