

COLABOR GROUP REPORTS RESULTS FOR THE FOURTH QUARTER AND FISCAL 2024

Saint-Bruno-de-Montarville, Quebec, February 25, 2025 - Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) reports its results for the fourth quarter and fiscal year ended December 28, 2024.

Fourth Quarter 2024 Financial Highlights:

- Sales increased by 3.2% to \$202.6 million, compared to \$196.3 million for the corresponding period of 2023;
- Increase of net earnings from continuing operations to \$0.5 million compared to \$0.4 million for the corresponding period of 2023;
- Adjusted EBITDA⁽¹⁾ decreased by 3.1% to \$11.3 million from \$11.7 million for the corresponding period of 2023 and decrease in adjusted EBITDA⁽¹⁾ margin to 5.6% of sales compared to 5.9% of sales during the corresponding period of 2023; and
- Cash flow from operating activities increased to \$10.6 million compared to \$8.9 million for the fourth quarter of 2023.

Fiscal 2024 Financial Highlights:

- Consolidated sales were \$657.1 million, down of 0.3% compared to fiscal year 2023;
- Net earnings from continuing operations decreased to \$1.6 million compared to \$6.0 million for fiscal year 2023;
- Adjusted EBITDA⁽¹⁾ decreased to \$35.4 million or 5.4% of sales compared to \$37.6 million or 5.7% of sales for the fiscal year 2023;
- Cash flow generated by operating activities were \$37.2 million compared to \$28.9 million in 2023; and
- Net debt⁽²⁾ decreased to \$47.8 million, compared to \$61.5 million as at December 30, 2023. The leverage ratio⁽³⁾ is 2.4x as at December 28, 2024, compared to 2.7x as at December 30, 2023.

Events since the end of fiscal year 2024:

- On February 19, 2025, the Company 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. for an amount of \$51.5 million, subject to certain adjustments. The acquisition is subject to obtaining all required regulatory approvals. It is expected that the closing will occur during the second quarter.

Table of Fourth Quarter 2024 Financial Highlights:

Financial highlights (in thousands of dollars, except percentages, per share data and financial leverage ratio)	16 weeks		52 weeks	
	2024	2023	2024	2023
	\$	\$	\$	\$
Sales from continuing operations	202,581	196,320	657,093	659,129
Adjusted EBITDA ⁽¹⁾	11,296	11,652	35,380	37,554
Adjusted EBITDA ⁽¹⁾ margin (%)	5.6	5.9	5.4	5.7
Net earnings from continuing operations	548	354	1,615	6,047
Net earnings (loss)	560	(101)	1,556	5,592
Per share - basic and diluted (\$)	0.01	—	0.02	0.05
Cash flow from operating activities	10,551	8,899	37,178	28,943
Financial position			As at	As at
			December 28,	December 30,
			2024	2023
Net debt ⁽²⁾			47,802	61,481
Financial leverage ratio ⁽³⁾			2.4x	2.7x

⁽¹⁾ Non-IFRS measure. Refer to the table Reconciliation of Net Earnings 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 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 MD&A section 5 "Non-IFRS Performance Measures".

“The increase of sales of 3.2% in the fourth quarter compared to 2023 is an encouraging sign given the headwinds operating in the restaurant and retail industries since the beginning of fiscal year 2024. The contribution of new customers and the growth in purchase volume among some customers in the distribution activities allow us to mitigate the impact of the macroeconomic environment in which we operate,” said Louis Frenette, President and Chief Executive Officer of Colabor. “Cash flow from operating activities up by 18.6% and a significant decrease in our debt level demonstrate sound capital allocation.”

“With the recent announcement of the highly strategic acquisition of Alimplus Inc.'s distribution assets, we are accelerating our growth plan and solidifying our position as Quebec's leader in food distribution. We believe that this transaction will be accretive to Colabor's shareholders and will allow us to enhance the offer and service we offer to our customers in the restaurant, hotel, retail and institutional sectors. »

Results for the Fourth Quarter of 2024

Consolidated sales for the fourth quarter were \$202.6 million, an increase of 3.2% compared to \$196.3 million during the corresponding quarter of 2023. Sales for the distribution activities 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 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.

Adjusted EBITDA⁽¹⁾ from continuing activities was \$11.3 million or 5.6% of sales from continuing activities compared to \$11.7 million or 5.9% during 2023. These variations were the result of a decrease in gross margin which was affected by the decline in the restaurant industry.

Net earnings from continuing operations for the fourth quarter were \$0.5 million compared to \$0.4 million for the corresponding quarter of the previous year, resulting essentially from a decreased depreciation and amortization expenses and costs not related to current operations, mitigated by an increase in financial expenses, as well as a decreased adjusted EBITDA⁽¹⁾, as explained previously. The increased financial expenses is explained by higher lease obligations including the promises located in Saint-Bruno-de-Montarville.

Net earnings for the fourth quarter of 2024 were \$0.6 million compared to a net loss of \$0.1 million for the corresponding quarter of the previous 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.

Results for Fiscal Year 2024

Consolidated cumulative sales were \$657.1 million compared to \$659.1 million for the corresponding period of 2023. Sales for the distribution activities grew by 2.4% and the wholesale sales declined by 7.7%.

Adjusted EBITDA⁽¹⁾ from continuing operations was \$35.4 million or 5.4% of sales from continuing operations compared to \$37.6 million or 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.

Net earnings from continuing operations were \$1.6 million, down from \$6.0 million in the previous fiscal year. 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 down from \$6.0 million, the variation is explained by the facts described above.

Cash Flow and Financial Position

Cash flows from operating activities were \$37.2 million for fiscal year 2024, compared to \$28.9 million for 2023. This increase is mainly due to lower utilization of working capital⁽⁴⁾, mitigated by the decreased adjusted EBITDA⁽¹⁾. The lower utilization of working capital⁽⁴⁾ is explained by the improvement in the inventory turnover rate and the timing in supplier payments.

As at December 28, 2024, the Company's working capital⁽⁴⁾ was \$50.3 million, down from \$54.0 million at the end of the 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.

As at December 28, 2024, the Company's net debt⁽²⁾ was down to \$47.8 million, compared to \$61.5 million at the end of the fiscal year 2023, resulting from the credit facility repayment of \$7.3 million and an increase in cash.

Outlook

“Despite the macroeconomic uncertainty that seems to persist and the ongoing tariff threats, we remain confident that we have everything in hand to execute our business plan. In recent years, our diverse client base has significantly reduced the risk associated with disruptions to the restaurant industry. Our business model has also served us well in inflationary times,” said Mr. Louis Frenette, President and Chief Executive Officer of Colabor. “In addition, in order to offer high-quality products to our customers and to differentiate Colabor from other major players in the food distribution sector in Quebec, we have been focusing on local sourcing for several years. Almost all of our purchases are made from Canadian suppliers and a majority of our products, including our private brand Menu, come from Quebec producers and manufacturers.”

“We are very pleased with the announced acquisition, which will allow us to create synergies and offer cross-selling opportunities, particularly with our private brand and Tout-Prêt's products. The Colabor family is growing, together we have everything in hand to become the essential reference for all food artisans in Quebec. »

⁽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.

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 Earnings to Adjusted EBITDA⁽¹⁾ (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⁽¹⁾	11,296	11,652	35,380	37,554

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 2.3 "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 8 "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 Wednesday, February 26, 2025, beginning at 9:30 a.m. Eastern time. Interested parties can join the call by dialing 1-800-990-4777 (from anywhere in North America) or 1-289-819-1299 (Toronto) or 1-514-400-3794 (Montreal). If you are unable to participate, you can listen to a recording by dialing 1-888-660-6345 or 1-289-819-1450 and entering the code 56586# on your telephone keypad. The recording will be available from 1:30 p.m. on Wednesday, February 26, 2025, until 11:59 p.m. on March 5, 2025. 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/40yEwQn>. 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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