COLABOR

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COLABOR GROUP REPORTS RESULTS FOR THE FOURTH QUARTER AND FISCAL 2020

Boucherville, Quebec, February 26, 2021 - Colabor Group Inc. (TSX: GCL, GCL.DB.A) ("Colabor" or the "Company") reports its results for the fourth quarter and the fiscal year ended December 26, 2020.

Fourth Quarter 2020 Financial Highlights and Recent Events:

- Sales decreased by 30.9% to $133.3 million, compared to $192.9 million for the fourth quarter of 2019, mainly explained by the mandatory closure of restaurant dining rooms in Quebec as of October 1st resulting from the pandemic and the termination of a contract in Specialized distribution activities since the first quarter of 2020;
- Net earnings from continuing operations declined to $0.6 million compared to $1.9 million for the corresponding period of 2019;
- Adjusted EBITDA(1) decreased to $7.5 million from $8.2 million for the corresponding period of 2019. Adjusted EBITDA(1) margin increased to 5.6% of sales compared to 4.2% of sales during the corresponding period of 2019;
- Cash flow from operating activities increased to $11.2 million compared to $7.9 million for the fourth quarter of 2019. Excluding the effect of IFRS 16 adoption, cash flow from operating activities would have amounted to $8.6 million, an increase compared to 2019, despite the decreases in sales; and
- Strengthening the balance sheet following the recent announcement of the conclusion of new credits agreements on February 18, 2021, and the intention to redeem the $50.0 million convertible debentures.

Fiscal 2020 Financial Highlights:

- Sales amounted to $461.3 million, declined by 30.7% compared to fiscal year 2019, mainly explained by the termination of a contract in Specialized distribution activities, by the effects of the pandemic and the non-renewal of less-profitable contracts in Broadline activities distribution in Quebec;
- Net earnings from continuing operations declined to $3.8 million compared to $7.5 million for the corresponding period of 2019;
- Adjusted EBITDA(1) increased to $28.9 million or 6.3% of sales compared to $27.6 million or 4.2% of sales for the corresponding period of 2019. Excluding the effect of IFRS 16 adoption, adjusted EBITDA as a proportion of sales is 4.4%, an improvement compared to the fiscal year 2019;
- Net debt(2) decreased to $52.1 million, compared to $72.1 million as at December 28, 2019, bringing the financial leverage ratio(3) to 1.8x as at December 26, 2020 (or 2.6x excluding IFRS 16 adoption), compared to 2.6x as of December 28, 2019; and
- Closing of the sale of the majority of the assets of the Summit division for a value of $9.5 million, subject to certain adjustments, of which an amount of $8.2 million has already been received. This division had incurred significant operating losses for several years.

Table of fourth quarter and fiscal 2020 Financial Highlights:

Financial highlights	**16 weeks**		**52 weeks**	
(in thousands of dollars except percentages, per share data and financial leverage ratio)	**2020** **$**	**2019** **$**	**2020** **$**	**2019** **$**
Sales from continuing operations	**133,317**	192,900	**461,319**	665,959
Adjusted EBITDA(1)	**7,459**	8,188	**28,913**	27,648
Adjusted EBITDA(1) margin (%)	**5.6**	4.2	**6.3**	4.2
Net earnings from continuing operations	**620**	1,945	**3,798**	7,502
Net earnings (loss)	**811**	(288)	**(8,612)**	7,727
Per share - basic and diluted ($)	**0.01**	—	**(0.08)**	0.08
Cash flow from operating activities	**11,231**	7,905	**37,299**	31,456
Financial position			**As at December 26, 2020**	**As at December 28, 2019**
Net debt(2)			**52,100**	72,122
Financial leverage ratio(3)			**1.8x**	2.6x

(1) Non-IFRS measure. Refer to the table Reconciliation of Net Earnings to adjusted EBITDA and to MD&A section 6 "Non-IFRS Performance Measures". Adjusted EBITDA corresponds to net earnings before costs not related to current operations, depreciation and amortization and expenses for stock-based compensation plan. The adjusted EBITDA for 2019 has not been modified to reflect the impact of IFRS 16 adoption.

(2) Non-IFRS measure. Refer to MD&A section 6 "Non-IFRS Performance Measures". Net debt corresponds to bank indebtedness, current portion of long-term debt, long-term debt and convertible debentures, 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 for the last twelve months. Refer to MD&A section 6 "Non-IFRS Performance Measures".

“Despite the pandemic that has largely impacted the restaurant industry, we are ending fiscal 2020 with a significant cash flow increase and maintaining our debt ratios.”, said Louis Frenette, President and Chief Executive Officer of Colabor. “Due to our diversified business model, the sale of our activities in Ontario, the mitigation measures quickly put in place, the contribution of subsidies and initiatives to optimize our operations since 2019, we are able to cope with the unforeseen events caused by the pandemic.”

“I would also like to recognize the contribution of our employees since the start of the pandemic and express my deepest gratitude to them for the excellent work they have done during this unprecedented time.”, concluded Mr. Frenette.

Results for the Fourth Quarter of 2020

Consolidated sales for the fourth quarter amounted to $133.3 million compared to $192.9 million during the corresponding quarter of 2019, a decrease of 30.9%. Sales for the Distribution segment decreased by 35.5% explained by an amount of $20.5 million related to the termination of a contract from the Specialized distribution, an amount of $3.5 million following the decision to cease serving less-profitable contracts during the last quarter of 2019 in Broadline Distribution, as well as the volume decrease related to the pandemic for restaurants and chains clients, partially mitigated by a volume increase for retail and institutional clients. Wholesale segment sales decreased by 22.5%, due to a volume decrease from the pandemic and lower intersegment sales, partly mitigated by growth from some customers less affected by the effects of the pandemic and new customers.

Adjusted EBITDA(1) from continuing activities reached $7.5 million or 5.6% of sales from continuing activities compared to $8.2 million or 4.2% in 2019. The improvement, as a percentage of sales, is mainly due to gross profit margin improvement following the decisions to cease serving less-profitable contracts, the deployment of operational optimization measures, the IFRS 16 adoption which reduced operating expenses for both segments amounting to $2.6 million, the decrease in salaries resulting from measures taken during the pandemic and the subsidies of $1.8 million, mitigated by the decrease in sales due to the pandemic.

Net earnings from continuing operations were $0.6 million, a decrease of 68.1% compared to $1.9 million for the corresponding quarter of 2019 resulting essentially from the decrease in adjusted EBITDA(1) and the increase in depreciation and amortization expenses, mitigated by the decrease in costs not related to current operations and the income tax expenses.

Net earnings for the fourth quarter were $0.8 million, compared to net loss of $(0.3) million for the corresponding period of 2019. The variation is explained by the elements mentioned above and to the net loss decrease of $2.4 million related to discontinued operations.

Results of Fiscal Year 2020

Cumulative consolidated sales amounted to $461.3 million compared to $666.0 million for the corresponding period of last fiscal year, a decrease of 30.7%. Sales in the Distribution segment decreased by 37.1%, explained by an amount of $84.0 million related to the termination of a contract from the Specialized Distribution, an amount of $27.1 million following the decision to cease serving less-profitable contracts during the last quarter of 2019 in Broadline Distribution, as well as the volume decrease related to the pandemic for our restaurant clients, partially compensated by a volume increase for retail clients. Sales in the Wholesale segment decreased by 16.3% due to a decrease in volume due to the pandemic and lower intersegment sales partially mitigated by the growth of some customers less affected by the effects of the pandemic and by new customers.

Adjusted EBITDA(1) from continuing operations reached $28.9 million, or 6.3% of sales from continuing operations, compared to $27.6 million, or 4.2% of sales from continuing operations in 2019, an increase of 4.6%. These percentage improvements come mainly from the adoption of IFRS 16, the subsidies of $7.1 million, the deployment of operational optimization measures and the decrease in salaries and other expenses resulting from measures taken during the pandemic, mitigated by the sales drop due to the pandemic.

Cumulative net earnings from continuing operations for fiscal year 2020 was $3.8 million, or $0.04 per share, down from $7.5 million, or $0.08 per share, for the last fiscal year. The variation is mainly explained by the increase in depreciation and amortization expenses and costs not related to current operations, mitigated by the increase in adjusted EBITDA[(1)], as explained previously, and the decrease in financial expenses and income tax expenses. Net loss for fiscal year 2020 was $(8.6) million, or $(0.08) per share, a decrease of $16.3 million compared to net earnings of $7.7 million, or $0.08 per share during the last fiscal year. The variation is mainly explained by the items mentioned above and by the increase of $12.6 million in the net loss from discontinued operations.

Cash Flow and Financial Position

Cash flows from operating activities for fiscal year 2020 reached $37.3 million compared to $31.5 million for the corresponding period of 2019. This increase is mainly due to a lower utilization of working capital[(4)], by the reclassification to financing activities of the payments relating to operating leases after IFRS 16 adoption and by the increase in adjusted EBITDA[(1)].

As at December 26, 2020, the Company's working capital[(4)] was $31.2 million, down from $58.1 million at the end of the fiscal year 2019. This variance is mainly due to the end of activities in Ontario and the reduced level of activities caused by the pandemic.

As at December 26, 2020, the Company's net debt[(2)], including convertible debentures and bank indebtedness, down to $52.1 million, compared to $72.1 million at the end of the fiscal year 2019. This decrease is mainly due to the increase in cash flows generated by current operations during the fiscal year 2020, allowing the repayment of $3.0 million of subordinated debt, as well as $2.0 million of the credit facility during fiscal 2020 and by the effect of the IFRS 16 adoption.

[(4)] Working capital is an indicator of the Company's ability to hedge its current liabilities with its current assets. Refer to MD&A section 3.2 "Financial Position" for detailed calculation.

Outlook

"We start 2021 on solid grounds despite the current pandemic. We are ready for the eventual recovery once the containment measures are released while continuing to adapt in order to minimize its impacts. In addition, following the recent refinancing announced on February 18, 2021, we are consolidating the support of our financial partners and thus have access to the necessary liquidity in order to pursue our strategic growth when the time is right", commented Louis Frenette.

Non-IFRS Performance Measures

The information provided in this release includes non-IFRS performance measures, notably adjusted earnings before financial expenses, depreciation and amortization and income taxes ("Adjusted EBITDA"(1)). As these concepts are not defined by IFRS, they may not be comparable to those of other companies. Refer to Section 6 "Non-IFRS Performance Measures" in the Management's Discussion and Analysis.

Reconciliation of Net Earnings to Adjusted EBITDA(1)	**16 weeks**		**52 weeks**	
(in thousands of dollars)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Net earnings from continuing operations	**620**	1,945	**3,798**	7,502
Income taxes (recovered)	**(320)**	741	**1,171**	2,605
Financial expenses	**1,975**	1,808	**6,712**	7,023
Operating earnings	**2,275**	4,494	**11,681**	17,130
Expenses for stock-based compensation plan	**84**	56	**309**	32
Costs not related to current operations	**344**	703	**1,811**	881
Depreciation and amortization	**4,756**	2,935	**15,112**	9,605
Adjusted EBITDA(1)	**7,459**	8,188	**28,913**	27,648

Additional Information

The Management Discussion and Analysis and the consolidated financial statements of the Company are available on SEDAR (www.sedar.com). 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 available on SEDAR (www.sedar.com). 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 10 "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) and 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 Monday March 1st, 2021, beginning at 9:30 a.m. Eastern time. Interested parties can join the call by dialing 1-888-231-8191 (from anywhere in North America) or 1-647-427-7450. If you are unable to participate, you can listen to a recording by dialing 1-855-859-2056 or 1-416-849-0833 and entering the code 9276187 on your telephone keypad. The recording will be available from 1:30 p.m. on Monday March 1st, 2021, until 11:59 p.m. on Monday March 8, 2021.

Those wishing to join the webcast can do so by clicking on the following link:
http://www.colabor.com/en/investisseurs/evenements-et-presentations/

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

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