

## COLABOR GROUP REPORTS RESULTS FOR THE SECOND QUARTER 2021

**Boucherville, Quebec, July 21, 2021** - Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Company") reports its results for the second quarter and the 24-week period ended June 12, 2021.

### Second Quarter 2021 Financial Highlights:

- Sales increased by 13.2% to \$108.1 million, compared to \$95.5 million for the second quarter of 2020, mainly explained by a volume increase from restaurants, following the gradual reopening of their dining rooms during the second quarter of 2021 and given the less restrictive containment measures in 2021 than in the corresponding period of 2020;
- Net earnings from continuing operations amounted to \$1.6 million comparable to the net earnings for the corresponding period of 2020, resulting primarily from sales increase, offset by the decrease of \$3.2 million in subsidies obtained;
- Adjusted EBITDA<sup>(1)</sup> decreased to \$6.7 million from \$7.6 million for the corresponding period of 2020 and decrease in adjusted EBITDA<sup>(1)</sup> margin to 6.2% of sales compared to 8.0% of sales during the corresponding period of 2020. Excluding the impact of subsidies obtained, the adjusted EBITDA margin<sup>(1)</sup> would have been 5.0% in 2021 and 3.4% in 2020;
- Cash flow used in operating activities down to \$2.9 million compared to cash flow from operating activities of \$3.2 million for the second quarter of 2020, due to higher utilization of working capital<sup>(4)</sup> in relation with higher sales and by the timing of inventories purchase; and
- Redemption of all outstanding convertible debentures completed on March 23, 2021.

### Table of second quarter 2021 Financial Highlights:

Financial highlights (in thousands of dollars except percentages, per share data and financial leverage ratio)	12 weeks		24 weeks	
	2021	2020	2021	2020
	\$	\$	\$	\$
Sales from continuing operations	108,052	95,458	193,687	207,071
Adjusted EBITDA <sup>(1)</sup>	6,671	7,613	10,519	11,311
Adjusted EBITDA <sup>(1)</sup> margin (%)	6.2	8.0	5.4	5.5
Net earnings (loss) from continuing operations	1,640	1,608	629	(263)
Net earnings (loss)	1,692	(2,882)	665	(11,212)
Per share - basic and diluted (\$)	0.02	(0.03)	0.01	(0.11)
Cash flow from operating activities	(2,911)	3,217	2,465	8,830
<b>Financial position</b>			<b>As at</b>	<b>As at</b>
			<b>June 12,</b>	<b>December 26,</b>
			<b>2021</b>	<b>2020</b>
Net debt <sup>(2)</sup>			57,206	52,100
Financial leverage ratio <sup>(3)</sup>			2.0x	1.8x

<sup>(1)</sup> Non-IFRS measure. Refer to the table Reconciliation of Net Earnings (loss) to adjusted EBITDA and to MD&A section 6 "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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 four quarters. Refer to MD&A section 6 "Non-IFRS Performance Measures".

<sup>(4)</sup> 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.



“We are proud of the results generated in the second quarter. The diversification of our customer base, the improvement of our product mix combined with our efforts to manage our cost structure, allowed us to achieve a good level of profitability and a solid balance sheet through the worst of the health crisis.”, said Louis Frenette, President and Chief Executive Officer of Colabor.

“I would also like to thank our employees for their contribution and express my deepest appreciation for the efforts they make every day to maximize the level of service offered to our clients during this period of reopening.”, concluded Louis Frenette.

### **Results for the Second Quarter of 2021**

Consolidated sales for the second quarter amounted to \$108.1 million compared to \$95.5 million during the corresponding quarter of 2020, an increase of 13.2%. Sales for the Distribution segment increased by 21.7% explained by a volume increase from restaurants, following the gradual reopening of their dining rooms during the second quarter of 2021 and given the less restrictive containment measures in 2021 than in 2020. Wholesale segment sales increased by 5.7%, due to the gradual reopening of the restaurant business, the growth of certain customers less affected by the effects of the pandemic and by new customers, mitigated by the partial loss of volume from a single customer.

Adjusted EBITDA<sup>(1)</sup> from continuing activities reached \$6.7 million or 6.2% of sales from continuing activities compared to \$7.6 million or 8.0% during 2020. These variations are mainly explained by the decrease in subsidies obtained of \$3.2 million mitigated by higher sales and higher gross margin. Excluding the impact of subsidies obtained, the adjusted EBITDA margin<sup>(1)</sup> would have been 5.0% in 2021 and 3.4% in 2020.

Net earnings from continuing operations were \$1.6 million, an increase of 2.0% compared to \$1.6 million for the corresponding quarter of the previous year resulting essentially from the decrease of depreciation and amortization expenses, costs not related to current operations and financial expenses, mitigated by the decrease in adjusted EBITDA<sup>(1)</sup> as explained above.

Net earnings for the second quarter were \$1.7 million, compared to net loss of \$2.9 million for the corresponding period of 2020. The variation is explained by the facts described above and by \$4.5 million related to the net loss from discontinued operations in 2020.

### **Results for the 24-week period of 2021**

Consolidated sales for the 24-week period were \$193.7 million compared to \$207.1 million in the corresponding period of 2020, a decrease of 6.5% mainly from the Distribution segment. Adjusted EBITDA<sup>(1)</sup> from continuing operations reached \$10.5 million or 5.4% of sales from continuing operations compared to \$11.3 million or 5.5% in 2020. Net earnings from continuing operations was \$0.6 million, up from a net loss of \$0.3 million in the same period last year.

### **Cash Flow and Financial Position**

Cash flows from operating activities reached \$(2.9) million for the second quarter, compared to \$3.2 million for the corresponding period of 2020. This decrease is mainly due to higher utilization of working capital<sup>(4)</sup> and by the decrease in adjusted EBITDA<sup>(1)</sup>, mitigated by a decrease in costs not related to current operations.

As at June 12, 2021, the Company's working capital<sup>(4)</sup> was \$36.9 million, up from \$31.2 million at the end of the fiscal year 2020. This variation is explained by the increase in sales during the second quarter and by the seasonality effect.

As at June 12, 2021, the Company's net debt<sup>(2)</sup> was up to \$57.2 million, compared to \$52.1 million at the end of the fiscal year 2020. This increase is mainly due to the increase in working capital<sup>(4)</sup> due to the effect of seasonality.

## Outlook

“The reopening plan initiated by the Quebec government in May 2021, leading among other things to the lifting of the curfew and the gradual reopening of outdoor patios and dining rooms in restaurants, allows Colabor to be confident about the coming months, despite the uncertainties that remain, and thus to continue the implementation of the 2021 strategic plan in the near future.”, 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")<sup>(1)</sup>. 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 (Loss) to Adjusted EBITDA <sup>(1)</sup> (in thousands of dollars)	12 weeks		24 weeks	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Net earnings (loss) from continuing operations</b>	<b>1,640</b>	1,608	<b>629</b>	(263)
Income taxes (recovered)	575	403	324	(447)
Financial expenses	1,102	1,598	2,839	3,294
<b>Operating earnings</b>	<b>3,317</b>	3,609	<b>3,792</b>	2,584
Expenses for stock-based compensation plan	45	78	67	177
Costs not related to current operations	64	508	155	1,588
Depreciation and amortization	3,245	3,418	6,505	6,962
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>6,671</b>	7,613	<b>10,519</b>	11,311

## Additional Information

The Management Discussion and Analysis and the consolidated financial statements of the Company are available on SEDAR ([www.sedar.com](http://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](http://www.colabor.com).



## Forward-Looking Statements

This press release contains certain forward-looking statements as defined under applicable securities law. Forward-looking information may relate to Colabor's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Company's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which Colabor believes are reasonable as of the current date. Refer in particular to section 2.2 "Development Strategies and Outlook" of the Company's MD&A available on SEDAR ([www.sedar.com](http://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 Thursday, July 22, 2021, beginning at 9:30 a.m. eastern time. Interested parties can join the call by dialing 1-888-390-0549 (from anywhere in North America) or 1-416-764-8682. If you are unable to participate, you can listen to a recording by dialing 1-888-390-0541 or 1-416-764-8677 and entering the code 370109# on your telephone keypad. The recording will be available from 1:30 p.m. on Thursday, July 22, 2021, until 11:59 p.m. on Thursday, July 29, 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.

## Further information:

### **Pierre Blanchette**

Senior Vice President and Chief Financial Officer  
Colabor Group Inc  
Tel.: 450-449-4911 extension 1308  
[investors@colabor.com](mailto:investors@colabor.com)

### **Danielle Ste-Marie**

Ste-Marie Strategy and Communications Inc.  
Investor Relations  
Tel.: 450-449-0026 extension 1180