COLABOR

PRESS RELEASE
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COLABOR GROUP REPORTS RESULTS FOR THE FOURTH QUARTER AND FISCAL 2019

Boucherville, Quebec, February 26, 2020 - Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Company") reports its results for the fourth quarter and the fiscal year ended December 28, 2019.

Fourth Quarter 2019 Financial Highlights:

- Increase in net earnings from continuing operations to \$0.6 million compared to \$(1.9) million for the corresponding period of 2018;
- Improvement of the adjusted EBITDA margin(1) to 1.7% of sales, compared to 1.6% in the corresponding period of 2018.

Fiscal 2019 Financial Highlights:

- Increase in net earnings from continuing operations to \$0.7 million compared to \$(4.9) million for the corresponding period of 2018;
- Improvement of 17.3% for the adjusted EBITDA(1) to \$19.0 million or 1.8% of sales, compared to \$16.2 million or 1.5% of sales for the corresponding period of 2018;
- Increase in cash flow from operating activities to \$22.0 million compared to \$14.2 million in the corresponding period of 2018;
- Decrease of net debt(2) to \$72.1 million, compared to \$101.8 million, bringing the financial leverage ratio(3) to 3.8 as at December 28, 2019, a significant improvement from 6.3 a year prior.

Table of fourth quarter and fiscal 2019 Financial Highlights:

Financial highlights		**16 weeks**		**52 weeks**
(in thousands of dollars except percentages, per share data and financial leverage ratio)	**2019**	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Sales	**311,551**	334,739	**1,060,071**	1,096,411
Adjusted EBITDA(1)	**5,384**	5,392	**18,964**	16,162
Adjusted EBITDA(1) margin (%)	**1.7**	1.6	**1.8**	1.5
Net earnings (loss) from continued operations	**572**	(1,873)	**654**	(4,901)
Net earnings (loss)	**(288)**	(1,904)	**7,727**	(4,387)
Per share - basic and diluted ($)	**—**	(0.02)	**0.08**	(0.04)
Cash flow from operating activities	**5,682**	8,177	**21,998**	14,154
Net debt(2)	**72,122**	101,780	**72,122**	101,780
Financial leverage ratio(3)	**3.8**	6.3	**3.8**	6.3

(1) Non-IFRS measure. Refer to 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 and impairment loss on goodwill, intangible assets and property, plant and equipment, depreciation and amortization and expenses for stock-based compensation plan.
(2) Non-IFRS measure. Refer to table Reconciliation of net earnings to adjusted EBITDA and 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. Refer to MD&A section 6 "Non-IFRS Performance Measures".

“2019 was a year of major changes for Colabor. We focused on our distribution activities where we have a better competitive advantage and we decided not to renew non-profitable contracts. As a result, we are closing the 2019 fiscal year with a clearly improved profitability and a substantially lower indebtedness.”

“In order to continue the momentum for 2020, several optimization measures need to be implemented, such as improving our business processes and reviewing our marketing approach related to a better category management, and enhancing our private brand.” said Louis Frenette, Colabor's President and Chief Executive Officer.

Results for the Fourth Quarter of 2019

Consolidated sales for the fourth quarter were $311.6 million compared to $334.7 million during the corresponding quarter of last fiscal year, representing a decrease of 6.9%. Sales in the Distribution segment decreased by 6.4% mainly due to a $6.1 million loss of volume in Ontario and the decrease in Broadline Distribution sales in Québec, mainly related to the decision to cease serving some regions in Quebec and the Maritimes and non-profitable contracts, mitigated by an increase in volume from other clients. Sales in the Wholesale segment decreased by 9.1%, mainly due to lower intersegment sales, the non-renewal of non- profitable agreements and by a purchase lag by certain clients.

Adjusted EBITDA(1) for the fourth quarter of 2019 was $5.4 million, same as 2018. In percentage of sales, adjusted EBITDA margin(1) was 1.7% compared to 1.6% for the corresponding period of 2018, essentially explained by the deployment of operations optimization measures and by the rationalization plan, which reduced operating expenses in those two segments.

Net earnings from continuing operations was $0.6 million, up 130.5% compared to $(1.9) million for the corresponding quarter of 2018. This increase is mainly explained by lower amortization and depreciation expense, costs not related to current operations of $1.7 million and financial expenses.

Net earnings for the fourth quarter were $(0.3) million, compared to $(1.9) million for the corresponding period of last fiscal year. This improvement is mainly due to the increase in net earnings from continuing operations as explained above, mitigated by the sale of assets of the Viandes Décarie division.

Results of fiscal year 2019

Consolidated sales were $1,060.1 million compared to $1,096.4 million during the corresponding period of the last fiscal year, a decrease of 3.3%. Sales in the Distribution segment decreased by 3.3%, primarily attributable to lower sales volume in Ontario for an amount of $26.9 million of which $13.2 million stemmed from the loss of a supply agreement with Recipe as well as another customer, a decrease in Broadline Distribution sales in Quebec, mostly related to the decision to cease serving some regions in Quebec and the Maritimes and some non-profitable contracts, mitigated by an increase of the Specialized Distribution sales, mainly related to a promotion put in place by a retailer. Sales in the Wholesale segment were down 5.3% compared to the corresponding period of 2018. This reduction is explained by a decrease of $5.4 million in intersegment sales, by the non-renewal of non-profitable contracts and by a purchase lag by certain clients.

Adjusted EBITDA(1) was $19.0 million, up by 17.3% or $2.8 million compared to the corresponding period of the last fiscal year. In percentage of sales, adjusted EBITDA margin(1) was 1.8% compared to 1.5% for the corresponding period of 2018. This improvement is mostly due to the deployment of operations optimization measures and by the rationalization plan, which reduced operating expenses.

Net earnings for the 2019 period were $7.7 million or $0.08 per share, up $12.1 million from $4.4 million net loss or $(0.04) per share for the corresponding period of 2018. Net earnings for the Viandes Décarie division from discontinued operations of $7.1 million contributed to this growth, as did the improvement in adjusted EBITDA(1), a lower impairment loss on goodwill, intangible assets and property, plant and equipment of $2.7 million, a decreased depreciation expense and decreased costs not related to current operations of $0.3 million, mitigated by an increase in income taxes. Net earnings from continuing operations was $0.7 million or $0.01 per share, compared to $(4.9) million or $(0.05) per share in fiscal 2018.

Cash Flow and Financial Position

Cash flows from operating activities were $22.0 million during the fiscal year, compared to $14.2 million for the corresponding period of 2018. This increase is mainly due to a lower use of working capital[4], lower financial expenses and increased adjusted EBITDA[1].

As at December 28, 2019, the Company's working capital[4] was $58.1 million, an improvement from $71.7 million at the end of the previous fiscal year. This variance is essentially explained by the sale of assets of the Viandes Décarie division and an improved inventory level and trade receivables management.

As at December 28, 2019, the Company's Net debt[2], including convertible debentures and bank indebtedness, amounted to $72.1 million, compared to $101.8 million for the 2018 fiscal year. The amount received of $17.8 million coming from the sale of the assets of Viandes Décarie division, as well as higher cash flows from current operations allowed a $10.0 million subordinated debt repayment and a $32.0 million diminution on the credit facility.

Outlook

"We are entering 2020 positively and we intend to continue our transformation and optimization efforts put in place over the past few months to meet our objective, which is to increase our profitability and consequently to create value for our shareholders. To do so, our action plan is based on three pillars: a profitable growth in the Broadline Distribution activities, a continuous improvement of operational efficiency of employee engagement." said Mr. Frenette.

Non-IFRS Performance Measures

The information provided in this release includes non-IFRS performance measures, notably adjusted earnings before financial expenses, income taxes, depreciation and amortization ("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 annual 2019 Management's Discussion and Analysis.

Reconciliation of net earnings (loss) to adjusted EBITDA	**16 weeks**		**52 weeks**	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Net earnings (loss) from continuing operations	**572**	(1,873)	**654**	(4,901)
Income taxes (recovered)	**(1,026)**	(984)	**195**	(1,686)
Financial expenses	**1,849**	2,315	**7,158**	7,882
Operating earnings	**1,395**	(542)	**8,007**	1,295
Depreciation and amortization	**3,058**	3,393	**9,801**	10,658
Impairment loss on goodwill, intangible assets and property, plant and equipment	**171**	132	**243**	2,916
Expenses for stock-based compensation plan	**57**	(10)	**32**	68
Costs not related to current operations	**703**	2,419	**881**	1,225
Adjusted EBITDA[1]	**5,384**	5,392	**18,964**	16,162

Additional Information

The Management Discussion and Analysis and the financial statements of the Company are available on SEDAR (www.sedar.com). Additional information, including the annual information form, about Colabor Group Inc. can be found on SEDAR and on the Company's website at www.colabor.com.

[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.

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 2019 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 2019 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 February 27, 2020, beginning at 10:30 a.m. Eastern time. Interested parties can join the call by dialing 1-877-223-4471 (from anywhere in North America) or 1-647-788-4922. If you are unable to participate, you can listen to a recording by dialing 1-800-585-8367 or 1-416-621-4642 and entering the code 8476895 on your telephone keypad. The recording will be available from 1:30 p.m. on Thursday February 27, 2020, to 11:59 p.m. on Thursday March 19, 2020.

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, Ontario 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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