PRESS RELEASE
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COLABOR GROUP REPORTS RESULTS FOR THE THIRD QUARTER 2020

Boucherville, Quebec, October 15, 2020 - Colabor Group Inc. (TSX: GCL, GCL.DB.A) ("Colabor" or the "Company") reports its results for the third quarter and the 36-week period ended September 5, 2020.

Third Quarter 2020 Financial Highlights:

- Sales declined to $120.9 million, compared to $165.8 million for the corresponding period of 2019, mainly explained by the termination of a contract in Specialized distribution activities, non-renewal of less-profitable contracts in Broadline activities distribution and by the effects of the pandemic;
- Net earnings from continuing operations declined to $3.4 million compared to $3.7 million for the corresponding period of 2019;
- Adjusted EBITDA(1) increased to $10.1 million or 8.4% of sales from continuing operations compared to $8.5 million or 5.1% for the corresponding period of 2019. Excluding the impact of IFRS 16 adoption, the adjusted EBITDA margin(1) for the third quarter of 2020 would have been 6.8%, a significant improvement compared to 2019; and
- Net debt(2) decreased to $56.2 million, compared to $68.2 million as at December 28, 2019, bringing the financial leverage ratio(3) to 1.9x as at September 5, 2020 (or 2.4x excluding IFRS 16 adoption), compared to 2.5x as at December 28, 2019.

Table of third quarter Financial Highlights:

Financial highlights	**12 weeks**		**36 weeks**	
(in thousands of dollars except percentages, per share data and financial leverage ratio)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Sales from continuing operations	**120,931**	165,803	**328,002**	473,059
Adjusted EBITDA(1)	**10,143**	8,485	**21,454**	19,460
Adjusted EBITDA(1) margin (%)	**8.4**	5.1	**6.5**	4.1
Net earnings from continuing operations	**3,441**	3,682	**3,178**	5,557
Net earnings (loss)	**1,789**	1,710	**(9,423)**	8,015
Per share - basic and diluted ($)	**0.02**	0.02	**(0.09)**	0.08
Cash flow from operating activities	**17,238**	18,566	**26,068**	23,551
Financial position			**As at September 5, 2020**	**As at December 28, 2019**
Net debt(2)			**56,241**	68,155
Financial leverage ratio(3)			**1.9x**	2.5x

(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".

“I am very happy with our third quarter results. We improved profitability, generated significant cashflows, reduced net debt and strengthened our balance sheet. Given the current context, this demonstrates the resiliency of our diversified business model and our ability to adapt. With the sale of our Ontario division and associated drag on our profitability behind us, we are in a better position operationally and financially than we have been in many years.” commented Mr. Frenette, President and Chief Executive Officer of Colabor.

Results for the Third Quarter of 2020

Consolidated sales for the third quarter amounted to $120.9 million compared to $165.8 million during the corresponding quarter of 2019, a decrease of 27.1%. Sales for the Distribution segment decreased by 33.5% explained by an amount of $18.0 million related to the termination of a contract from the Specialized distribution, an amount of $9.1 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. Wholesale segment sales decreased by 10.5%, due to a volume decrease from the pandemic and lower intersegment sales.

Adjusted EBITDA(1) from continuing activities reached $10.1 million or 8.4% of sales from continuing activities compared to $8.5 million or 5.1%, up 19.5%. The improvement, as a percentage of sales, is mainly due to gross profit margin improvement following a decision to cease serving less-profitable contracts, the deployment of operational optimization measures, the IFRS 16 adoption which reduced operating expenses for both segments in the amount of $2.0 million, the decrease in salaries resulting from measures taken during the pandemic and the Canada Emergency Wage Subsidy ("CEWS") of $0.9 million, mitigated by the decrease in sales due to the pandemic and by the unfavorable effect of the provisions reversal caused by a $0.2 million favorable CNESST settlements during the 12-week period ended in 2019. Excluding the impact of IFRS 16 adoption, the CEWS and the effect of the CNESST reversal, the adjusted EBITDA margin(1) for the third quarter of 2020 would have been 5.8%.

Net earnings from continuing operations were $3.4 million, a decrease of 6.5% compared to $3.7 million for the corresponding quarter of 2019 resulting essentially from the increase in depreciation expense and income taxes, mitigated by the increase in adjusted EBITDA(1) and the decrease in financial expenses.

Net earnings for the third quarter were $1.8 million, compared to net earnings of $1.7 million for the corresponding period of 2019. The increase is mainly due to the above-mentioned explanations and to the net loss decrease related to discontinued operations of $0.3 million.

Results for the 36 week period of 2020

Cumulative consolidated sales amounted to $328.0 million compared to $473.1 million for the corresponding period of 2019, a decrease of 30.7% mainly due to the Distribution segment. Cumulative adjusted EBITDA(1) from continuing operations reached $21.5 million compared to $19.5 million for the corresponding period of 2019, up 10.2%. Cumulative net income from continuing operations was $3.2 million, or $0.03 per share, compared to $5.6 million, or $0.06 per share in the corresponding period of 2019.

Cash Flow and Financial Position

Cash flows from operating activities reached $17.2 million during the third quarter compared to $18.6 million in the corresponding period of 2019. This decrease is mainly due to a higher use of working capital[4], mitigated by the reclassification to financing activities of simple contract payments following the IFRS 16 adoption and by the increase in adjusted EBITDA[1].

As at September 5, 2020, the Company's working capital[4] was $34.9 million, down from $58.1 million at the end of the previous fiscal year. This variance is mainly due to the end of activities in Ontario and the reduced level of activities caused by the pandemic.

As at September 5, 2020, the Company's Net debt[2], including convertible debentures and bank indebtedness, down to $56.2 million, compared to $68.2 million at the end of the 2019 fiscal year. This decrease is mainly due to the increase in cash flows generated by current operations during the 36-week period and the sale of the majority of the assets of the Summit division making it possible to repay the credit facility during the first quarters of 2020 and increase our cash.

Outlook

Covid-19 pandemic

Although the almost complete reopening and the gradual resumption of activities took place during the third quarter, the Company continued to be impacted by the pandemic given the measures required by the public health. With the arrival of the second wave and the partial closure of restaurants in some regions in the province of Quebec, the Company expects to continue to experience certain repercussions in the coming months without having a significant negative impact on its available liquidity. During the second quarter, the Company extended the maturity of its credit facility and subordinated debt which, combined with the results of the first three quarters of 2020, will allow Colabor to pursue its 2020 plan.

"Despite the uncertainty surrounding the pandemic and its second wave, Colabor remains confident about the results for the coming months. We will continue to closely monitor the evolution of the pandemic and quickly put in place the necessary measures, just as we did during the first wave in order to minimize the impacts. Our priorities remain the same, namely to help and protect our customers, suppliers and employees while working on our objectives initially planned for 2020, which are to increase profitability and consequently to create value for our shareholders." commented Mr. 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]	**12 weeks**		**36 weeks**	
(in thousands of dollars)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Net earnings from continuing operations	**3,441**	3,682	**3,178**	5,557
Income taxes	**1,938**	705	**1,491**	1,864
Financial expenses	**1,443**	1,572	**4,737**	5,215
Operating earnings	**6,822**	5,959	**9,406**	12,636
Expenses for stock-based compensation plan	**48**	244	**225**	(24)
Costs not related to current operations	**(121)**	—	**1,467**	178
Depreciation and amortization	**3,394**	2,282	**10,356**	6,670
Adjusted EBITDA[1]	**10,143**	8,485	**21,454**	19,460

[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.

Additional Information

The Management Discussion and Analysis and the condensed interim 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 2.2 "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 Friday October 16, 2020, 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 1547595 on your telephone keypad. The recording will be available from 1:30 p.m. on Friday October 16, 2020, until 11:59 p.m. on Friday October 23, 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, in the Atlantic provinces and in Ontario, 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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