



Q4 & YEAR 2023 RESULTS

 For the 16-week period and year ended December 30, 2023

COLABOR GROUP INC. (TSX: GCL)

February 29, 2024

FORWARD LOOKING STATEMENT



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FORWARD LOOKING STATEMENT

This document 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. 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, including those mentioned in the Company's Annual Information Form, which can be found under its profile on SEDAR+ (www.sedarplus.ca). These factors, which include risks associated to the COVID-19 pandemic and its possible impact on consumer behavior or the economy, 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 document (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.

NON-IFRS PERFORMANCE MEASURES

This Document also contains information that follows non-IFRS measures of performance. Such information should not be considered in isolation or as a substitute for other IFRS performance measures, but rather as supplementary information. These measures are widely used in the financial community to evaluate the profitability of operations. They reflect the inclusion or exclusion of certain amounts that are not considered representative of the Company's recurring financial performance. Since these concepts are not defined by IFRS, they may not be comparable with those of other companies.





CONTENT

- Q4 2023 Phase II of our Turnaround
- Q4 2023 Evolution of our Strategic Plan
- Q4 2023 Financial results
- Share information

PHASE II OF OUR TURNAROUND



Our transformation strategy has delivered 11 consecutive quarters of year-over-year revenue growth

Implementation of strategic initiatives sustained strong Q4 2023 results:

- 1.6% revenue growth or 5.8\$ excluding the additional week of 2022;
- 70 basis points gross margin increase;
- 18.2% Adjusted EBITDA⁽¹⁾ growth.

Maintaining solid balance sheet:

- Leverage ratio ⁽²⁾ increased to 2.4x from 2.3x at end of FY2022.

⁽¹⁾ Adjusted EBITDA is a non-IFRS measure. Refer to slide 12 non-IFRS 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⁾ 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 for the last twelve months. Lease payment obligations for the LTM as of December 30, 2023 were \$12.4M and amounted to \$8.2M for both fiscal 2023 and fiscal 2022.

Successful relocation to our new strategic distribution site in St-Bruno-de-Montarville:

- In time and within budget;
- Despite this significant CAPEX, we have maintained almost an unchanged leverage ratio;
- Will enable us to effectively reach 90% of the potential HRI market in the province, compared to the current 30%;
- Distribution activities in Western Quebec will begin in S2 2024

Characteristics of the new hybrid facility:

- Custom-built installation offering optimal refrigeration and freezing capabilities;
- Ability to conduct both wholesale and distribution activities from the same location;
- Enhances inventory turnover and production capacity;
- Improves operational efficiency and profitability.

NEW HYBRID FACILITY (ST-BRUNO, QUEBEC)



Rendering image provided by Écoparc Saint-Bruno.

EVOLUTION OF THE 5-YEAR STRATEGIC PLAN



PROFITABILITY GENERATE PROFITABLE GROWTH

- Improve customer & product mix.
- Optimizing category management and procurement and investing in our private label to achieve an optimal mix of national brands / private label.

ANNUAL RESULTS 2023

- 60 bp gross margin improvement.
- 29% Adjusted EBITDA growth.
- Growing private label sales.



GROWTH POTENTIAL REACH FROM 30% TO 90% OF THE HRI MARKET

- Organic investments in sales and marketing continued.
- Evaluating pipeline of M&A opportunities.

ANNUAL RESULTS 2023

- Moved to our new facility in St-Bruno
- Organic and non-organic growth initiatives and Q42022 chain wins were significant contributors to revenue growth.
- Demonstrating demand in Western Quebec.



PEOPLE ATTRACT, RETAIN AND DEVELOP

- HR focus on attracting and retaining talent

ANNUAL RESULTS 2023

- More resources available to support strong summer season.
- New facility to attract and retain talent.
- New employer brand launched.

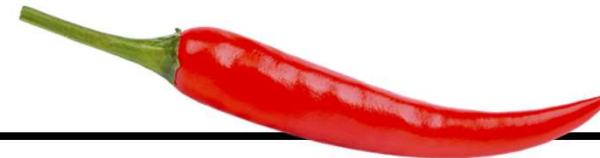


BRAND RENEW, REFRESH

- Focus on raising local offering and customer service.

ANNUAL RESULTS 2023

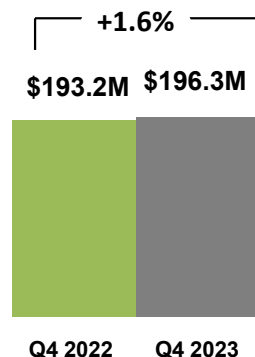
- Fourchette Bleue certification
- Maturin minority investment (local farm-to-table offering).



FOURTH QUARTER 2023 HIGHLIGHTS

Q4 2023 SALES AND PROFITABILITY

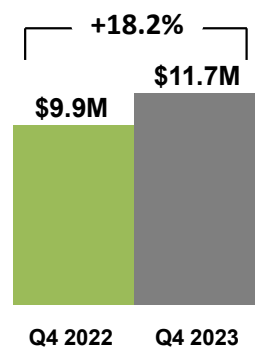
CONSOLIDATED SALES



DISTRIBUTION SALES UP BY 9.1% WHOLESALE SALES DOWN BY 19.0%

- 16 weeks in the fourth quarter of 2023 vs 17 weeks in 2022; excluding the additional week, the growth would have been 5.8% compared to 1.6%;
- Higher Distribution volume;
- Impact of new chains and street customers;
- Impact of inflation estimated at 4.8%;
- Decrease of Wholesale internal sales segment to the Distribution segment, as part of a supply optimization project between our warehouses;

ADJUSTED EBITDA⁽¹⁾



Higher adjusted EBITDA⁽¹⁾ in 2023 by \$1.8M.

- Higher volume.



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Q4 2023 NET EARNINGS AND CASH FLOW TREND

NET EARNINGS

Net earnings decreased to \$0.4M (\$nil per share), from a net earnings of \$1.7M (\$0.02 per share)

- Higher EBITDA⁽¹⁾
- Higher amortization expenses, costs not related to current operations related to our relocation (\$0.8M), and financial expenses



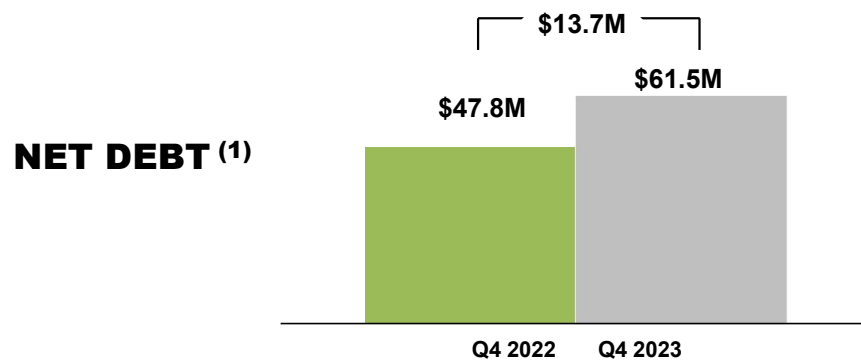
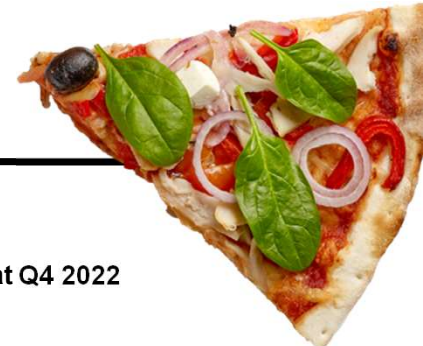
CASH FLOW FROM OPERATIONS

Cash flows generated amounted to \$8.9M, up from -\$0.7M

- Q4 2023 lower utilization of working capital requirements explained by a higher collection of receivables in 2023 related to the increase of sales and timing of inventories purchases and supplier payments.

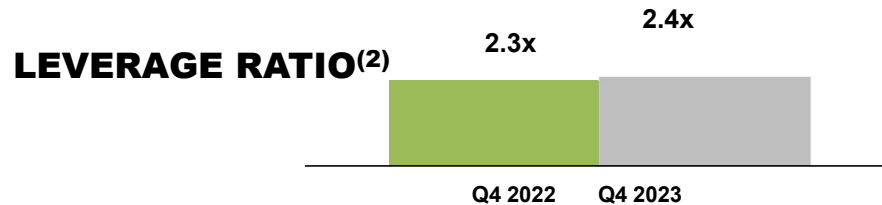
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Q4 2023 NET DEBT AND LEVERAGE RATIO TREND



Net debt increased to \$61.5M, was \$47.8M at Q4 2022

- Use of credit facility for \$12M;
- Investment in capex for our new site.



Leverage ratio up at 2.4x

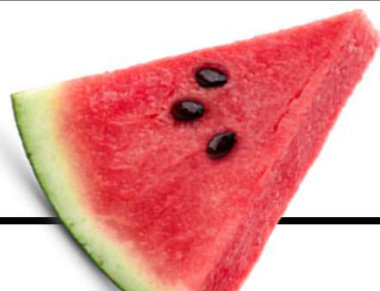
- Higher net debt;
- Contribution of higher Adjusted EBITDA;
- Capital investments for our new facility.

(1) Net debt is a non-IFRS measure. Refer to slide 12 non-IFRS measures. Net debt corresponds to bank indebtedness, current portion of long-term debt and long-term debt, net of cash.

(2) 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 for the last twelve months. Lease payment obligations for the LTM as of December 30 2023 were \$12.4M and amounted to \$8.2M for both fiscal 2023 and fiscal 2022.

Q4 2023 FINANCIAL HIGHLIGHTS

	16-week period	17-week period	52-week period	53-week period
(in thousands of dollars, except percentages, per share data and financial leverage ratio)	2023	2022	2023	2022
Sales from continuing operations	196,320	193,246	659,129	574,071
Adjusted EBITDA ⁽¹⁾	11,652	9,855	37,554	29,068
Adjusted EBITDA ⁽¹⁾ margin (%)	5.9	5.1	5.7	5.1
Net earnings from continuing operations	354	1,682	6,047	4,551
Net (loss) earnings	(101)	1,263	5,592	4,065
Per share – basic and diluted	0.00	0.01	0.05	0.04
Cash flow from operating activities	8,899	(663)	28,943	19,299
Financial Position			As at December 30, 2023	As at December 31, 2022
Net debt ⁽²⁾			61,481	47,764
Financial leverage ⁽³⁾			2.4x	2.3x



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SHARE INFORMATION (TSX: GCL)



LAST 52 WEEKS



STOCK PRICE (as at February 27th, 2024) **\$1.20**

52-week low-high **\$0.72 - \$1.30**

Number of shares issued and outstanding **101,986,464**

Average volume (30 days) **36k**

Market capitalization **\$122.4M**

Institutional and management ownership **≈ 35%**

Analyst coverage:
Kyle McPhee, CFA
Cormark Securities

NON-IFRS MEASURES



Reconciliation of Net Earnings to Adjusted EBITDA (in thousands of dollars)	2023 16-weeks	2022 17-weeks	2023 52-weeks	2022 53-weeks
Net earnings from continuing operations	354	1,682	6,047	4,551
Income taxes	190	686	2,299	1,826
Financial expenses	2,729	1,750	6,625	4,780
Operating earnings	3,273	4,118	14,971	11,157
Expenses for stock-based compensation plan	79	162	291	475
Costs not related to current operations	787	107	937	1,354
Depreciation and amortization	7,513	5,468	21,355	16,082
Adjusted EBITDA	11,652	9,855	37,554	29,068

Calculation of Net Debt (in thousands of dollars)	As at December 30, 2023	As at December 31, 2022
Bank indebtedness	2,731	1,014
Current portion of long-term debt	3,000	3,000
Long-term debt	55,750	43,750
Net debt	61,481	47,764



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