



Press release
for immediate release

Strong growth and expansion for Richelieu in the first quarter of 2022
43.2% increase in net earnings per share
Sales in the United States reach 40% of total sales

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- **Total sales** for the first quarter ended February 28, 2022 reached \$384.5 million, up 29.2%, of which 16.3% was internal growth and 12.9% by acquisitions. **In Canada**, sales were \$230.5 million, up 19.3%. **In the United States**, sales rose by 48.0% (US\$) to US\$121.2 million, accounting for 40% of total sales in Canadian currency.
 - **EBITDA** was \$53.7 million, up 40.8%, and **EBITDA margin** increased to 14.0%, compared to 12.8% in Q1 2021.
 - **Net earnings attributable to shareholders** increased 43.4% to \$30.1 million, or \$0.53 per share diluted, up 43.2%.
 - **The three acquisitions concluded in the United States** on December 31, 2021 represent additional sales of approximately \$100 million on an annual basis.
 - **The financial position** remains sound and solid with **working capital** of \$449.9 million for a ratio of 2.9:1 and **an average return on equity** of 24.0% at February 28, 2022.
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Montreal, April 7, 2022 - "Richelieu (RCH:TSX) started the 2022 fiscal year with sharply improved results, reflecting solid internal growth as well as a substantial contribution from acquisitions in the first quarter ended February 28. Thanks to our interconnected network, our strategies of continuous innovation, acquisition and multi-access service, we have seized the opportunities generated by the diversified and vigorous markets we serve. The financial performance of the first quarter, both in Canada and the United States, is all the more satisfactory since the first three months of the year are historically the weakest", indicated Richard Lord, President and Chief Executive Officer.

"As previously announced by way of a press release, on December 31, 2021, we completed the acquisitions of Compi Distributors (Missouri and Illinois), HGH Hardware Supply (Alabama, Tennessee and Georgia) and National Builders Hardware (Oregon) - three acquisitions that add approximately \$100 million in sales on an annual basis and strengthen our positioning in the United States. Together with the five acquisitions closed in Canada and the U.S. in fiscal year 2021, they bring our North American network to 106 strategically located distribution centers, including 57 in the U.S. In the coming periods, we will remain focused on creating synergies by integrating our recent acquisitions, as well as on our innovation and acquisition strategies », added Richard Lord.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2022, COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2021

For the first quarter ended February 28, 2022, **consolidated sales** reached \$384.5 million, compared with \$297.6 million for the corresponding quarter of 2021, an increase of 29.2%, of which 16.3% from internal growth and 12.9% from acquisitions. At comparable exchange rates to the first quarter of 2021, the consolidated sales growth would have been 29.4% for the quarter ended February 28, 2022.

Richelieu achieved sales of \$326.7 million in the **manufacturers** market, compared with \$241.7 million for the first quarter of 2021, an increase of \$85 million or 35.2% increase, of which 21.8% resulted from internal growth and 13.4% from acquisitions. Internal growth resulted from strong demand in the renovation market as well as from higher sales prices. Sales to hardware **retailers** and renovation superstores stood at \$57.8 million, up \$1.9 million or 3.4% over the first quarter of 2021, of which 11.0% resulted from acquisitions and 7.6% from internal decrease on those of the first quarter of 2021 which had been up sharply.

In Canada, Richelieu recorded sales of \$230.5 million, an increase of \$37.3 million or 19.3% over the first quarter of 2021, of which 13.2% from internal growth and 6.1% from acquisitions. Sales to **manufacturers** amounted to \$186.7 million compared with \$153.2 million in the first quarter of 2021, an increase of 21.9% of which 17.7% from internal growth and 4.2% from acquisitions. Sales to hardware **retailers** and renovation superstores grew to \$43.8 million, up \$3.8 million or 9.5%, mostly resulting from acquisitions.

In the United States, sales totalled US\$121.2 million, compared with US\$81.9 million for the first quarter of 2021, an increase of US\$39.3 million or 48.0%, of which 22.5% from internal growth and 25.5% from acquisitions. Sales to **manufacturers** amounted to US\$110.2 million compared with US\$69.4 million in the first quarter of 2021, an increase of 58.8%, of which 29.3% from internal growth and 29.5% from acquisitions. In the retailers and renovation superstores market, sales in US dollars are down by 12.0% as a result of the internal decrease compared to those of the first quarter of 2021, which were up sharply. Considering applicable exchange rates, total U.S. sales expressed in Canadian dollars stood at \$154.0 million, compared with \$104.4 million for the first quarter of 2021, an increase of 47.5%, and they accounted for 40.0% of consolidated sales for the first quarter of 2022, whereas they represented 35.1% of the period's consolidated sales for the first quarter of 2021.

First-quarter earnings before income taxes, interest and amortization (EBITDA) amounted to \$53.7 million, up \$15.6 million or 40.8% over the first quarter of 2021. **Gross margin** increased slightly and **EBITDA margin** improved mainly due to the increase in sales and costs control. **EBITDA margin** stood at 14.0%, compared to 12.8% for the corresponding quarter of 2021.

Amortization expenses for the first quarter of 2022 amounted to \$11.1 million compared with \$8.5 million for the corresponding quarter of 2021, up \$2.6 million, resulting from an increase in amortization of intangible assets and right-of-use assets mainly due to recent business acquisitions as well as lease renewals and expansions made in the second half of last year.

First-quarter **net earnings** grew by 44.0%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to \$30.1 million, up 43.4% over the first quarter of 2021. **Net earnings per share** rose to \$0.54 basic and \$0.53 diluted, compared with \$0.38 basic and \$0.37 diluted for the first quarter of 2021, an increase of 42.1% and 43.2 % respectively.

Comprehensive income amounted to \$28.8 million, considering a negative adjustment of \$1.5 million on translation of the financial statements of the subsidiary in the United States, compared with \$18.0 million for the first quarter of 2021, considering a negative adjustment of \$3.1 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Operating activities

First-quarter **cash flows from operating activities** (before net change in working capital balances) amounted to \$42.6 million or \$0.75 diluted per share, compared with \$30.7 million or \$0.54 diluted per share for the first quarter of 2021, an increase of 38.5% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of \$80.1 million, reflecting the \$73.2 million change in inventories and accounts payable, and the change in accounts receivable and other items which used cash flows of \$6.9 million. Consequently, operating activities used cash flows of \$37.5 million, whereas they had represented a cash inflow of \$7.8 million for the first quarter of 2021.

Financing activities

First-quarter **cash flows from financing activities** used cash flows of \$8.3 million, compared with \$16.5 million for the first quarter of 2021. The Corporation paid lease obligations of \$5.7 million, issued shares for \$5.8 million and made a long-term debt repayment of \$1.1 million, compared to lease obligation payments of \$4.6 million, a share issuance for \$0.8 million and a long-term debt repayment of \$1.3 million in the first quarter of 2021. Dividends paid to shareholders of the Corporation amounted to \$7.3 million compared to \$7.6 million in the same period of 2021. In 2021 the Corporation paid a special dividend of \$0.0667 per share in addition to a dividend of \$0.07 per share. The Corporation also repurchased common shares for an amount of \$3.3 million in the first quarter of 2021, while it did not make any share repurchases in 2022.

Investing activities

First-quarter **cash flows from investing activities** represented a cash outflow of \$46.2 million, including \$42.4 million for three business acquisitions made early during the current quarter and \$3.8 million primarily for the purchase of new equipment to maintain and improve operational efficiency.

Sources of financing

As at February 28, 2022, the bank overdraft amounted to \$33.5 million, compared with a cash balance of \$58.7 million as at November 30, 2021. This change mainly results from business acquisitions made during the first quarter of 2022 as well as the increase in non-cash working capital items during the quarter, primarily inventories. The Corporation posted **working capital** of \$449.9 million for a current ratio of 2.9:1, compared with \$456.4 million (current ratio of 3.3:1) as at November 30, 2021.

Richelieu believes it has the capital resources to fulfill its ongoing commitments and obligations and to assume the funding requirements needed for its growth and the expected financing and investing activities between now and the end of 2022. The Corporation continues to benefit from an authorized line of credit of \$85 million [\$65 million as at November 30 2021] as well as a line of credit of US\$6 million renewable annually and bearing interest at prime and base rates respectively. In addition, Richelieu considers it could obtain additional external financing if necessary.

Summary financial position

(in thousands of \$, except exchange rates)

As at	February 28, 2022 \$	November 30, 2021 \$
Current assets	686,790	659,179
Non-current assets	347,559	305,001
Total	1,034,349	964,180
Current liabilities	236,876	202,803
Non-current liabilities	100,895	92,440
Equity attributable to shareholders of the Corporation	693,998	666,442
Non-controlling interests	2,580	2,495
Total	1,034,349	964,180
<i>Exchange rates on translation of a subsidiary in the United States</i>	<i>1.270</i>	<i>1.279</i>

Assets

Total assets amounted to \$1.0 billion as at February 28, 2022, compared with \$964.2 million as at November 30, 2021, an increase of 7.3%. **Current assets** grew by 4.2% or \$27.6 million over November 30, 2021. This increase stems from the addition of current assets following the business acquisitions made during the period and from the rise in inventories resulting from the increase in demand and supply costs. **Non-current assets** increased 14.0% mainly due to the addition of intangible assets and goodwill related to the business acquisitions.

Cash position

(in thousands of \$)

As at	February 28 2022 \$	November 30 2021 \$
Current portion of long-term debt	8,649	5,339
Long-term debt	—	1,100
Total debt	8,649	6,439
<i>Cash and cash equivalents (bank overdraft)</i>	<i>(33,534)</i>	<i>58,707</i>

The Corporation continues to benefit from a healthy and solid financial position. As at February 28, 2022, **total debt** was \$8.6 million representing balances payable on acquisitions.

Equity attributable to shareholders of the Corporation totalled \$694.0 million as at February 28, 2022, compared with \$666.4 million as at November 30, 2021, an increase of \$27.6 million stemming primarily from a \$22.8 million growth in retained earnings which amounted to \$613.3 million, and of a \$6.3 million growth in share capital and contributed surplus, whereas accumulated other comprehensive income was down by \$1.5 million. As at February 28, 2022, **the book value per share** was \$12.37, up by 3.7% over November 30, 2021.

As at February 28, 2022, at the close of markets, the Corporation's **share capital** consisted of 56,093,619 common shares [55,841,119 shares as at November 30, 2021]. Weighted average number of diluted outstanding shares for the three-month periods ended February 28, 2022 was 56,574,430 [2021 - 56,408,470]. During the first quarter ended February 28, 2022, the Corporation issued 252,500 common shares at an average price of \$22.31 [263,925 in fiscal 2021 at an average price of \$19.54] upon the exercise of stock options under its stock option plan. During the quarter ended February 28, 2022, the Corporation granted 276,000 stock

options [289,000 in fiscal 2021] and cancelled 4,000 stock options. As a result, as at February 28, 2022, 1,710,875 stock options were outstanding [1,691,125 as at November 30, 2021].

Dividends

On April 7, 2022, the Board of Directors approved the payment of a quarterly dividend of 0.13\$ per share to shareholders of record as at April 21, 2022, payable on May 5, 2022. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT FEBRUARY 28, 2022

Richelieu is a leading North American importer, distributor and manufacturer of specialty hardware and complementary products. Its products are targeted to an extensive customer base of kitchen and bathroom cabinet, storage and closet, home furnishing and office furniture manufacturers, door and window, residential and commercial woodworkers, and hardware retailers including renovation superstores. Richelieu offers customers a broad mix of products sourced from manufacturers worldwide. Its product selection consists of over 130,000 different items targeted to a base of more than 100,000 customers who are served by 106 centers in North America – 47 distribution centers in Canada, 57 in the United States and two manufacturing plants in Canada, specifically Cedan Industries Inc. which specializes in the manufacturing of a wide variety of veneer sheets and edgbanding products and Menuiserie des Pins Ltée which manufactures components for the window and door industry and a broad selection of decorative mouldings.

Notes to readers — Richelieu uses earnings before interest, income taxes and amortization (“EBITDA”) because this measure enables management to assess the Corporation’s operational performance. This measure is a financial indicator of a corporation’s ability to service its debt. However, EBITDA should not be considered by an investor as an alternative to operating income, net earnings, cash flows or as a measure of liquidity. Because EBITDA is not a standardized measurement as prescribed by IFRS, it may not be comparable to the EBITDA of other companies. Richelieu also uses adjusted cash flows from operating activities, which are based on net earnings plus amortization, deferred tax expense (or recovery), share-based compensation expense and financial costs. These additional measures do not account for net change in non-cash working capital items to exclude seasonality effects and are used by management in its assessments of cash flows from long-term operations. Therefore, adjusted cash flows from operating activities may not be comparable to those of other companies. Certain statements set forth in this report (generally identified by terms such as “may”, “could”, “might”, “intend”, “expect”, “believe”, “estimate” or comparable variants) constitute forward-looking statements which, by their very nature, remain subject to other risks and uncertainties as set forth in the Corporation’s annual and quarterly reports. Although management considers these assumptions and expectations reasonable based on the information available at the time they are provided, such assumptions and expectations could prove inaccurate and actual results could differ materially. Richelieu is under no obligation to update or revise any forward-looking statements made herein to account for future events or circumstances, except as required by applicable legislation.

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For information:

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APRIL 7, 2022, CONFERENCE CALL AT 2:30 P.M. (EASTERN DAYLIGHT TIME)

Financial analysts and investors interested in participating in the conference call on Richelieu’s results to be held at 2:30 p.m. on April 7, 2022, may dial **1-888-390-0620** a few minutes before the start of the call. For those unable to participate, a taped rebroadcast will be available as of 5:45 p.m. on April 7, 2022, until midnight on April 14, 2022 by dialling **1-888-259-6562**, **access code: 064702 #**. Members of the media are invited to listen in.

Photos are available at www.richelieu.com

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION[In thousands of dollars]
[Unaudited]

	As at February 28, 2022	As at November 30, 2021
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	—	58,707
Accounts receivable	211,394	199,585
Inventories	466,874	395,464
Prepaid expenses	8,522	5,423
	686,790	659,179
Non-current assets		
Property, plant and equipment	47,178	46,239
Intangible assets	70,176	53,910
Right-of-use assets	99,111	87,013
Goodwill	123,922	110,776
Deferred taxes	7,172	7,063
	1,034,349	964,180
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	33,534	—
Accounts payable and accrued liabilities	159,624	155,009
Income taxes payable	10,710	21,281
Current portion of long-term debt	8,649	5,339
Current portion of lease obligation	24,359	21,174
	236,876	202,803
Non-current liabilities		
Long-term debt	—	1,100
Lease obligation	81,318	71,880
Deferred taxes	9,868	9,868
Other liabilities	9,709	9,592
	337,771	295,243
Equity		
Share capital	61,606	54,610
Contributed surplus	6,306	7,046
Retained earnings	613,342	590,522
Accumulated other comprehensive income	12,744	14,264
Equity attributable to shareholders of the Corporation	693,998	666,442
Non-controlling interests	2,580	2,495
	696,578	668,937
	1,034,349	964,180

CONSOLIDATED STATEMENTS OF EARNINGS[In thousands of dollars, except earnings per share]
[Unaudited]For the three-month periods ended
February 28,

	2022	2021
	\$	\$
Sales	384,466	297,581
Operating expenses excluding amortization	330,738	259,419
Earnings before amortization, financial costs and income taxes	53,728	38,162
Amortization of property, plant and equipment and right-of-use asset	8,535	6,928
Amortization of intangible assets	2,517	1,593
Financial costs, net	1,082	657
	12,134	9,178
Earnings before income taxes	41,594	28,984
Income taxes	11,294	7,942
Net earnings	30,300	21,042
Net earnings attributable to:		
Shareholders of the Corporation	30,098	20,984
Non-controlling interests	202	58
	30,300	21,042
Net earnings per share attributable to shareholders of the Corporation		
Basic	0.54	0.38
Diluted	0.53	0.37

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME[In thousands of dollars]
[Unaudited]For the three-month periods ended
February 28,

	2022	2021
	\$	\$
Net earnings	30,300	21,042
Other comprehensive income (loss) that will be reclassified to net earnings		
Exchange differences on translation of foreign operations	(1,520)	(3,092)
Comprehensive income	28,780	17,950
Comprehensive income attributable to:		
Shareholders of the Corporation	28,578	17,892
Non-controlling interests	202	58
	28,780	17,950

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]

[Unaudited]

	For the three-month periods ended February 28,	
	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Net earnings	30,300	21,042
Items not affecting cash		
Amortization of property, plant and equipment and right-of-use asset	8,535	6,928
Amortization of intangible assets	2,517	1,593
Deferred taxes	(126)	—
Share-based compensation expense	450	421
Frais financiers	874	748
	42,550	30,732
Net change in non-cash working capital balances	(80,077)	(22,979)
	(37,527)	7,753
FINANCING ACTIVITIES		
Repayment of long-term debt	(1,079)	(1,328)
Dividends paid to shareholders of the Corporation	(7,278)	(7,634)
Payment of lease obligation	(5,742)	(4,583)
Other dividends paid	—	(511)
Common shares issued	5,806	848
Common shares repurchased for cancellation	—	(3,257)
	(8,293)	(16,465)
INVESTING ACTIVITIES		
Business acquisitions	(42,350)	—
Additions to property, plant and equipment and intangible assets	(3,800)	(2,852)
	(46,150)	(2,852)
Effect of exchange rate changes on cash and cash equivalents	(271)	32
Net change in cash and cash equivalents	(92,241)	(11,532)
Cash and cash equivalents, beginning of period	58,707	73,928
Cash and cash equivalents (bank overdraft), end of period	(33,534)	62,396