



Press release
for immediate release

Sustained strong growth for Richelieu

**31.4% increase in sales in the second quarter
including a record 54.8% (US\$) increase in the United States**

Net earnings per share up 25.8%

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- **For the second quarter ended May 31, 2022, sales** reached \$487.9 million, up 31.4%, of which 16.1% from internal growth and 15.3% from acquisitions. **In Canada**, sales increased by 17.3% to \$292.3 million. **In the United States**, sales rose by 54.8% (US\$) to US\$154.0 million, representing 40.1% of total sales.
 - **EBITDA** increased by 27.7% to \$77.9 million and **the EBITDA margin** was 16.0%.
 - **Net earnings attributable to shareholders** rose by 25.5% to \$47.0 million, or \$0.83 per diluted share, up 25.8%.
 - **For the first half-year, total sales** amounted to \$872.4 million, up 30.4%, of which 16.2% from internal growth and 14.2% from acquisitions. **Net earnings attributable to shareholders** reached \$77.1 million, up 32.0%, or \$1.37 per diluted share, up 33.0%.
 - **The financial position** remains sound and solid with a **working capital** of \$481.5 million (ratio of 2.8:1) and an **average return on equity** of 24.4% as at May 31, 2022.

Montreal, July 7, 2022 – “Richelieu (RCH : TSX) achieved a great performance in the second quarter, reflecting among others the positive impact of our acquisitions and investments in recent years in new market segments. In the United States, we achieved a record 54.8% (US\$) increase in sales resulting from strong internal growth of 22.7% and the contribution of our most recent acquisitions. In Canada, in the manufacturers' market, our sales totalled \$237.3 million, up 17.3%, and they reached \$55.0 million in the retailers and renovation superstores market, up 9.3%. The expansion of several of our distribution centers in strategic U.S. markets is progressing according to schedule. While integrating our most recent acquisitions, we will continue to pursue our growth strategy based on innovation, business acquisitions and our value-added multi-access service in order to seize growth opportunities in the short and long term”, indicated Richard Lord, President and Chief executive Officer.

ANALYSIS OF OPERATING RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2022, COMPARED WITH THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2021

Second-quarter consolidated sales reached \$487.9 million, compared to \$371.4 million for the corresponding quarter of 2021, an increase of \$116.5 million or 31.4%, of which 16.1% from internal growth and 15.3% from acquisitions. At comparable exchange rates to the second quarter of 2021, the consolidated sales increase would have been 30.1% for the quarter ended May 31, 2022.

Richelieu achieved sales of \$417.1 million in the **manufacturers** market, compared to \$310.0 million for the second quarter of 2021, an increase of \$107.1 million or 34.5%, of which 18.7% from internal growth and 15.8% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at \$70.8 million, up \$9.4 million or 15.3% over the second quarter of 2021, of which 3.1% from internal growth and 12.2% increase from acquisitions.

In Canada, Richelieu recorded sales of \$292.3 million, an increase of \$44.2 million or 17.8% over the second quarter of 2021, of which 11.3% from internal growth and 6.5% from acquisitions. Sales to **manufacturers** amounted to \$237.3 million, compared to \$202.3 million in the second quarter of 2021, an increase of 17.3%, of which 12.9% from internal growth and 4.4% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$55.0 million, up \$9.3 million or 20.4% over the corresponding quarter of 2021, of which 4.3% from internal growth and 16.1% from acquisitions.

In the United States, sales totalled US\$154.0 million, compared to US \$99.5 million for the second quarter of 2021, up US\$54.5 million or 54.8%, of which 22.7% from internal growth and 32.1% from acquisitions. Sales to **manufacturers** amounted to US\$141.5 million, compared to US\$86.8 million, an increase of 63.0% over the second quarter of 2021, of which 26.4% from internal growth and 36.6% from acquisitions. Sales in US\$ to hardware **retailers** and renovation superstores reached \$12.5 million. Total U.S. sales in Canadian dollars stood at \$195.6 million, compared to \$123.3 million year over year, an increase of 58.6%. These sales accounted for 40.1% of consolidated sales for the second quarter of 2022, compared to 33.2% of consolidated sales for the second quarter of 2021.

First-half consolidated sales reached \$872.4 million, an increase of \$203.4 million or 30.4% over the first six months of 2021, of which 16.2% from internal growth and 14.2% from acquisitions. At comparable exchange rates to the first half of 2021, consolidated sales increase would have been 29.8%.

Sales to **manufacturers** reached \$743.8 million, compared to \$551.6 million for the first six months of 2021, an increase of \$192.2 million or 34.8%, of which 20.1% from internal growth and 14.7% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 9.5% or \$11.2 million to total \$128.6 million.

In Canada, Richelieu recorded sales of \$521.6 million, compared to \$441.3 million for the first six months of 2021, up \$80.3 million or 18.2%, of which 11.9% from internal growth and 6.3% from acquisitions. Sales to **manufacturers** reached \$422.8 million, up \$67.3 million or 18.9%, of which 14.6% from internal growth and 4.3% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$98.8 million, compared to \$85.8 million, up \$13.0 million or 15.2% over the first half of 2021.

In the United States, the Corporation recorded sales of US\$276.1 million, compared to US\$181.3 million for the first six months of 2021, an increase of US\$94.8 million or 52.3%, of which 23.1% from internal growth and 29.2% from acquisitions. Sales to **manufacturers** totalled US\$252.6 million, compared to US\$156.1 million, an increase of US\$96.5 million or 61.8% over the first half of 2021, of which 28.3% from internal growth and 33.5% from acquisitions. Sales to hardware **retailers** and renovation superstores were down 6.7% from the corresponding period of 2021. Total U.S. sales in Canadian dollars amounted to \$350.8 million, compared to \$227.7 million for the corresponding six months of 2021, an increase of 54.1%. They accounted for 40.2% of consolidated sales for the first half of 2022, compared to 34.0% of consolidated sales for the first six months of 2021.

Second quarter earnings before income taxes, interest and amortization ("EBITDA") reached \$77.9 million and were up \$16.9 million or 27.7% over the second quarter of 2021, resulting mainly from increased sales. **Gross margin** decreased slightly from the second quarter of 2021 and **EBITDA margin** stood at 16.0%, compared to 16.4% for the corresponding quarter of 2021.

Amortization expense for the second quarter of 2022 amounted to \$11.9 million, up \$3.3 million compared to the corresponding quarter of 2021, resulting from the increase in amortizable intangibles as well as in right-of-use assets relating mainly to recent business acquisitions as well as to renewals and expansions carried out during the previous periods. **Income tax expense** amounted to \$17.7 million, up \$3.4 million from the second quarter of 2021. **Net financial costs and other** amounted to \$1.1 million and includes a gain of \$0.6 million on the disposal of a building in Quebec.

First-half EBITDA totalled \$131.6 million, up \$32.5 million or 32.8% over the first six months of 2021. **Gross margin** declined slightly over the corresponding six-month period of 2021. As for **EBITDA margin**, it stood at 15.1%, compared to 14.8% for the first six months of 2021 resulting from increased sales and cost control.

Amortization expense for the first half of 2022 amounted to \$22.9 million, up \$5.9 million compared to the same period of 2021, resulting from business acquisitions and expansions. **Income tax expense** amounted to \$29.0 million, up \$6.8 million from the first half of 2021. **Net financial costs and other** amounted to \$2.2 million for the first half of 2022.

Second quarter net earnings grew 25.7%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to \$47.0 million, up 25.5% over the second quarter of 2021. **Net earnings per share** rose to \$0.84 basic and \$0.83 diluted, compared to \$0.67 basic and \$0.66 diluted for the second quarter of 2021, increases of 25.4% and 25.8%, respectively.

Second quarter comprehensive income amounted to \$46.2 million, considering a negative adjustment of \$1.0 million on translation of the financial statements of the subsidiary in the United States, compared to \$30.5 million for the second quarter of 2021, considering a negative adjustment of \$7.1 million on translation of the financial statements of the subsidiary in the United States.

First-half net earnings increased 32.3%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled \$77.1 million, up 32.0% over the corresponding six months of 2021. **Net earnings per share** amounted to \$1.38 basic and \$1.37 diluted, compared to \$1.04 basic and \$1.03 diluted for the first half of 2021, up 32.7% and 33.0%, respectively.

First-half comprehensive income totalled \$75.0 million, considering a negative adjustment of \$2.5 million on translation of the financial statements of the subsidiary in the United States, compared to \$48.4 million for the first half of 2021, considering a negative adjustment of \$10.1 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Analysis of principal cash flows for the second quarter and first six months ended May 31, 2022

Operating activities

Second quarter cash flows from operating activities (before net change in non-cash working capital balances) amounted to \$60.7 million or \$1.07 diluted per share, an increase of 28.5%, compared to \$47.2 million, or \$0.84 diluted per share for the corresponding quarter of 2021, stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of \$63.7 million, reflecting change in inventories of \$44.1 million, whereas change in accounts receivable and other items used cash flows of \$19.6 million. Consequently, operating activities used cash flows of \$3.0 million, compared to a cash inflow of \$48.2 million in the second quarter of 2021.

First-half cash flows from operating activities (before net change in non-cash working capital balances) reached \$103.2 million or \$1.83 diluted per share, compared to \$78.0 million or \$1.38 diluted per share for the first six months of 2021, an increase of 32.4%. Net change in non-cash working capital balances used cash flows of \$143.8 million, primarily representing changes in inventories that used cash flows of \$117.3 million whereas accounts receivable and other items used cash flows of \$26.5 million. Consequently, operating activities used cash flows of \$40.5 million, compared to a cash inflow of \$55.9 million for the first six months of 2021.

Financing activities

Second quarter cash flows from financing activities used cash flows of \$21.5 million, compared to \$7.4 million for the second quarter of 2021. The Corporation paid lease obligations of \$6.2 million and dividends to shareholders of \$7.3 million compared to lease obligation payments of \$4.7 million, dividends payments of \$3.9 million, a share issuance for \$3.1 million and a long-term debt repayment of \$1.8 million in the second quarter of 2021. The Corporation also repurchased common shares for an amount of \$7.9 million in the second quarter of 2022, while it did not make any share repurchases in 2021.

First-half cash flows from financing activities used cash flows of \$29.8 million, compared to \$23.9 million in the first half of 2021. The Corporation repaid long-term debt of \$1.3 million, paid lease obligations of \$12.0 million and issued shares for \$5.9 million, compared to a long-term debt repayment of \$3.2 million, lease obligations payments of \$9.3 million and a \$3.9 million share issue in the first half of 2021. Dividends paid to shareholders of the Corporation amounted to \$14.6 million compared to \$11.6 million in the same period of 2021 and common shares repurchased amounted to \$7.9 million in the first half of 2022, compared to \$3.3 million in 2021.

Investing activities

Second quarter cash flows from investing activities represented a cash outflow of \$6.3 million primarily for the purchase of new equipment to maintain and improve operational efficiency, as well as further investments in IT infrastructure.

First-half cash flows from investing activities represented a total cash outflow of \$52.4 million, including \$42.4 million for the three business acquisitions made during the first quarter and \$10.0 million primarily for the purchase of new equipment to maintain and improve operational efficiency.

Sources of financing

As at May 31, 2022, the bank overdraft amounted to \$64.2 million, compared with cash of \$58.7 million as at November 30, 2021. The Corporation posted a **working capital** of \$481.5 million for a current ratio of 2.8:1, 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 \$100 million [\$65 million as at November 30, 2021] as well as a line of credit of US\$36 million [\$6 million as at November 30, 2021] renewable annually and bearing interest at prime and base rates, respectively. In addition, Richelieu considers it could obtain additional external financing if necessary.

Analysis of financial position as at May 31, 2022

(in thousands of \$, except exchange rates)		
As at	May 31, 2022 \$	November 30, 2021 \$
Current assets	744,120	659,179
Non-current assets	355,281	305,001
Total	1,099,401	964,180
Current liabilities	262,659	202,803
Non-current liabilities	108,191	92,440
Equity attributable to shareholders of the Corporation	725,791	666,442
Non-controlling interests	2,760	2,495
Total	1,099,401	964,180
<i>Exchange rates on translation of a subsidiary in the United States</i>	1.265	1.279

Assets

Total assets amounted to \$1.1 billion as at May 31, 2022, compared with \$964.2 million as at November 30, 2021, an increase of 14.0%. **Current assets** grew by 12.9% or \$84.9 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 in the products cost. **Non-current assets** increased 16.5% mainly due to the addition of intangible assets and goodwill related to the business acquisitions.

Cash position (in thousands of \$)		
As at	May 31 2022 \$	November 30 2021 \$
Current portion of long-term debt	8,331	5,339
Long-term debt	130	1,100
Total debt	8,461	6,439
Cash and cash equivalents (bank overdraft)	(64,226)	58,707

The Corporation continues to benefit from a healthy and solid financial position. As at May 31, 2022, **total debt** was \$8.5 million, mainly representing balances payable on acquisitions.

Equity attributable to shareholders of the Corporation totalled \$725.8 million as at May 31, 2022, compared with \$666.4 million as at November 30, 2021, an increase of \$59.3 million stemming primarily from a growth of \$54.9 million in retained earnings which amounted to \$645.4 million, and of \$7.0 million in share capital and contributed surplus, whereas accumulated other comprehensive income was down by \$2.5 million. As at May 31, 2022, the **book value per share** was \$12.99, up by 3.7% over November 30, 2021.

As at May 31, 2022, at the close of markets, the Corporation's **share capital** consisted of 55,891,940 common shares [55,841,119 shares as at November 30, 2021]. Weighted average of diluted outstanding shares for the three and six-month periods ended May 31, 2022, were 56,445,300 and 56,457,660 [2021 - 56,539,960 and 56,442,680]. During the first half of 2022, the Corporation issued 258,150 common shares at an average exercise price of \$22.97 [263,925 in fiscal 2021 at an average exercise price of \$19.54] upon the exercise of stock options under its stock option plan. In addition, the Corporation repurchased for

RICHELIEU – Press Release

cancellation 207,329 common shares in the normal course of operations for a cash consideration of \$7.9 million (316,374 common shares for a cash consideration of \$13.1 million in fiscal 2021).

During the first half ended May 31, 2022, the Corporation granted 276,000 stock options [289,000 in fiscal 2021] and cancelled 7,375 stock options. As at May 31, 2022, 1,701,600 stock options were outstanding [1,691,125 as at November 30, 2021].

Dividends

On July 7, 2022, the Board of Directors approved the payment of a quarterly dividend of 0.13\$ per share to shareholders of record as at July 21, 2022, payable on August 4, 2022. Of this declared dividend \$0.0918 per share is designated as an eligible dividend and \$0.0382 per share is not designated as an eligible dividend.

PROFILE AS AT MAY 31, 2022

Richelieu is a leading North American distributor, importer 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, residential and commercial woodworkers, door and window, and hardware retailers including renovation superstores. Richelieu offers customers a broad mix of high-end 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 the amortization of property, plant and equipment, intangible assets and right-of-use asset, 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.

- 30 -

For information:

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JULY 7, 2022, CONFERENCE CALL AT 2:30 P.M. (EASTERN 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 July 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 July 7, 2022, until midnight on July 14, 2022, by dialling **1-888-390-0541**, **access code: 384293 #**. Members of the media are invited to listen in.

Photos are available under “About Richelieu” – “Media” section at www.richelieu.com

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

	As at May 31, 2022 \$	As at November 30, 2021 \$
ASSETS		
Current assets		
Cash and cash equivalents	—	58,707
Accounts receivable	231,799	199,585
Inventories	504,926	395,464
Prepaid expenses	7,395	5,423
	744,120	659,179
Non-current assets		
Property, plant and equipment	48,697	46,239
Intangible assets	68,588	53,910
Right-of-use assets	106,626	87,013
Goodwill	124,060	110,776
Deferred taxes	7,310	7,063
	1,099,401	964,180
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	64,226	—
Accounts payable and accrued liabilities	156,453	155,009
Income taxes payable	8,423	21,281
Current portion of long-term debt	8,331	5,339
Current portion of lease obligation	25,226	21,174
	262,659	202,803
Non-current liabilities		
Long-term debt	130	1,100
Lease obligation	88,538	71,880
Deferred taxes	9,768	9,868
Other liabilities	9,755	9,592
	370,850	295,243
Equity		
Share capital	61,524	54,610
Contributed surplus	7,119	7,046
Retained earnings	645,375	590,522
Accumulated other comprehensive income	11,773	14,264
Equity attributable to shareholders of the Corporation	725,791	666,442
Non-controlling interests	2,760	2,495
	728,551	668,937
	1,099,401	964,180

CONSOLIDATED STATEMENTS OF EARNINGS[In thousands of dollars, except earnings per share]
[Unaudited]

	For the three months ended May 31,		For the six months ended May 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Sales	487,935	371,384	872,401	668,965
Operating expenses excluding amortization	410,080	310,430	740,818	569,849
Earnings before amortization, financial costs and income taxes	77,855	60,954	131,583	99,116
Amortization of property, plant and equipment and right-of-use assets	9,182	6,948	17,717	13,876
Amortization of intangible assets	2,688	1,577	5,205	3,170
Net financial costs and other	1,098	630	2,180	1,287
	12,968	9,155	25,102	18,333
Earnings before income taxes	64,887	51,799	106,481	80,783
Income taxes	17,677	14,248	28,971	22,190
Net earnings	47,210	37,551	77,510	58,593
Net earnings attributable to:				
Shareholders of the Corporation	46,984	37,425	77,082	58,409
Non-controlling interests	226	126	428	184
	47,210	37,551	77,510	58,593
Net earnings per share attributable to shareholders of the Corporation				
Basic	0.84	0.67	1.38	1.04
Diluted	0.83	0.66	1.37	1.03

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME[In thousands of dollars]
[Unaudited]

	For the three months ended May 31,		For the six months ended May 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net earnings	47,210	37,551	77,510	58,593
Other comprehensive income that will be reclassified to net earnings				
Exchange differences on translation of foreign operations	(971)	(7,057)	(2,491)	(10,149)
Comprehensive income	46,239	30,494	75,019	48,444
Comprehensive income attributable to:				
Shareholders of the Corporation	46,013	30,368	74,591	48,260
Non-controlling interests	226	126	428	184
	46,239	30,494	75,019	48,444

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]
[Unaudited]

	For the three months ended May 31,		For the six months ended May 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings	47,210	37,551	77,510	58,593
Items not affecting cash				
Amortization of property, plant and equipment and right-of-use assets	9,182	6,948	17,717	13,876
Amortization of intangible assets	2,688	1,577	5,205	3,170
Deferred taxes	(177)	(131)	(303)	(131)
Share-based compensation expense	840	555	1,290	976
Financial costs	933	721	1,807	1,469
	60,676	47,221	103,226	77,953
Net change in non-cash working capital balances	(63,695)	930	(143,772)	(22,049)
	(3,019)	48,151	(40,546)	55,904
FINANCING ACTIVITIES				
Repayment of long-term debt	(179)	(1,833)	(1,258)	(3,161)
Dividends paid to Shareholders of the Corporation	(7,278)	(3,917)	(14,556)	(11,551)
Payment of principal portion of lease obligations	(6,229)	(4,718)	(11,971)	(9,301)
Other dividends paid	—	—	—	(511)
Common shares issued	120	3,077	5,926	3,925
Common shares repurchased for cancellation	(7,902)	—	(7,902)	(3,257)
	(21,468)	(7,391)	(29,761)	(23,856)
INVESTING ACTIVITIES				
Business acquisitions	—	(9,842)	(42,432)	(9,842)
Additions to property, plant and equipment and intangible assets	(6,292)	(4,034)	(10,011)	(6,886)
	(6,292)	(13,876)	(52,443)	(16,728)
Effect of exchange rate changes on cash and cash equivalents	88	306	(183)	338
Net change in cash and cash equivalents (bank overdraft)	(30,691)	27,190	(122,933)	15,658
Cash and cash equivalents (bank overdraft), beginning of period	(33,535)	62,396	58,707	73,928
Cash and cash equivalents (bank overdraft) end of period	(64,226)	89,586	(64,226)	89,586