
RICHELIEU ACHIEVES GOOD FINANCIAL PERFORMANCE IN THE SECOND QUARTER

**Six acquisitions completed year-to-date
including two in the second quarter in the U.S.**

Highlights for Q2 ended May 31, 2023

- **Sales** of \$472.1M, of which \$279.5M in Canada and \$US141.9M in the United States.
- **EBITDA** of \$61.5M; EBITDA margin of 13.0%.
- **Net earnings attributable to shareholders** of \$30.7M, or \$0.55 per diluted share.
- **Cash flows from operating activities** of 72.0M\$.
- **Expansion:** 2 new acquisitions in the U.S. (Oregon, Minnesota).

First half

- **Sales** of \$875.1M, including \$510.4M in Canada and US\$269.6M in the United States.
- **EBITDA** of \$110.6M - EBITDA margin of 12.6%.
- **Net earnings attributable to shareholders** of \$53.1M, or \$0.95 per diluted share.
- **Cash flows from operating activities** of \$88.4M.
- **Sound financial position** as at May 31, 2023, with a **working capital** of \$586.2 million (ratio 2.9:1) and an **average return on equity** of 18.2%.

Quarterly dividend of \$0.15 per share payable on August 3, 2023, to shareholders of record as at July 20, 2023.

Montreal, July 6, 2023 – (RCH : TSX) “Richelieu performed well in the second quarter, as reflected by sales, EBITDA and net earnings, although below results for the 2022 second quarter, which benefited from exceptional market conditions resulting from the pandemic. We continued to rely on our strong drivers, namely our innovation and value-added service strategies with a "one-stop-shop" approach, and the efficiency of richelieu.com, as well as on our acquisition strategy that enabled us to diversify and expand our network, our customer segments and our product offering. Six acquisitions have been completed since the beginning of 2023, including two in the United States in the second quarter. We will remain focused on market penetration, the integration of recent acquisitions, strict monitoring of operating costs, and our innovation and acquisition strategies,” mentioned M. Richard Lord, president and chief executive officer.

TWO NEW ACQUISITIONS IN THE UNITED STATES AND OPENING OF A NEW DISTRIBUTION CENTRE IN MINNESOTA

After the four acquisitions concluded in Canada in the first quarter, Richelieu completed the acquisition of Maverick Hardware, in Oregon, at the beginning of the second quarter, followed on April 30 by the acquisition of the net assets of Westlund Distributing, a specialty hardware distributor operating a distribution centre in Monticello, in Minnesota. These six recent transactions will generate annual sales of approximately \$26 million. In addition, during the quarter, the Corporation opened a new distribution centre in Minneapolis, and pursued expansion and modernization projects at its Atlanta, Nashville, Seattle and Pompano centres that will be completed soon. Expansion projects finalized in 2023 will add some 500,000 square feet to its U.S. network.

OPERATING RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2023

The following table provides an overview of Richelieu's **sales** in its two main markets for the quarters ended May 31, 2023 and 2022 :

(in millions of dollars)	Quarters ended May 31		Δ %		
	2023	2022	Total	Internal	Acquisitions
Consolidated	472.1	487.9	(3.2)	(4.7)	1.5
Manufacturers	408.2	416.8	(2.1)	(3.8)	1.7
Retailers	63.9	71.1	(10.1)	(10.1)	—
Canada	279.5	292.1	(4.3)	(6.4)	2.1
Manufacturers	229.9	237.1	(3.0)	(5.7)	2.7
Retailers	49.6	55.0	(9.8)	(9.8)	—
United States	192.6	195.8	(1.6)		
In \$US	141.9	154.1	(7.9)	(8.4)	0.5
Manufacturers	131.3	141.5	(7.2)	(7.6)	0.4
Retailers	10.6	12.6	(15.9)	(15.9)	—

For the second quarter ended May 31, 2023, **consolidated sales** were \$472.1M, compared to \$487.9M for the second quarter of 2022, a decrease of \$15.8M, or 3.2%, resulting from an internal decrease of 4.7%, while the acquisitions made a positive contribution of 1.5%. It should be noted that in the second quarter of 2022, the Corporation had achieved exceptional internal growth of 16.1%, including a 22.7% increase (US\$) in the United States.

Earnings before income taxes, interest and amortization (EBITDA) was \$61.5M, down \$16.3M or 21.0% from the corresponding quarter of 2022, mainly due to the return of operating expenses closer to pre pandemic levels as well as costs related to external storage, due to temporary inventory increase. Gross margin remained stable. As a result, the EBITDA margin was 13.0%, compared with 16.0% for the corresponding quarter of 2022.

Net earnings were \$31.2M, down 33.9% from the prior year mainly due to the increase in the amortization of rights-of-use assets related to business acquisitions and expansion projects, mainly in the United States, as well as interest on the line of credit. Including non-controlling interests, net earnings attributable to shareholders of the Corporation were \$30.7M, down 34.7% from Q2 2022. **Net earnings per share** were \$0.55 basic and diluted, compared to \$0.84 basic and \$0.83 diluted for Q2 2022, down 34.5% and 33.7% respectively.

Cash flow from operating activities, before net change in non-cash working capital balances, was \$48.4M or \$0.86 per diluted share compared to \$60.7M or \$1.08 per diluted share for the second quarter of 2022. This 20.4% decrease primarily reflects the decrease in net earnings. The net change in non-cash working capital items represented a cash inflow of \$23.6M, mainly reflecting the decrease in inventories of \$49.2M, while accounts receivable and other items used cash of \$25.6M. As a result, operating activities represented a cash inflow of \$72.0M, compared to a cash outflow of \$3.0M in Q2 2022.

In the first six months of 2023, **consolidated sales** reached \$875.1 M\$, up \$2.7 M\$ or 0.3% over the first six months of 2022, of which 2.1% from acquisitions and 1.8% from internal decrease.

EBITDA was \$110.6M, down \$21.0M or 16.0% from the corresponding period of 2022. **Net earnings** attributable to shareholders of the Corporation for the first six months were \$53.1M, down 31.1% from the prior year. Net earnings per share were \$0.95 basic and diluted, compared to \$1.38 basic and \$1.37 diluted for the first half of 2022.

Cash flow from operating activities, before net change in non-cash working capital balances, was \$86.7M or \$1.54 per diluted share compared to \$103.2M or \$1.83 per diluted share for the first six months of 2022, a decrease of 15.8%. After net change in non-cash working capital balance the cash flow from operating activities represented a cash inflow of \$88.4M, compared to a cash outflow of \$40.5M for the first half of 2022.

Financial position

Total assets were \$1.33B as at May 31, 2023, compared to \$1.28B as at November 30, 2022, an increase of 3.2%. Current assets were down 1.5% or \$13.8M from November 30, 2022. Non-current assets increased by 14.9% mainly due to the addition of right-of-use assets, intangible assets and goodwill related to business acquisitions and expansion projects. As at May 31, 2023, the Corporation had a **working capital** of \$586.2M, for a ratio of 2.9:1, compared to \$562.5M (ratio of 2.6:1) as at November 30, 2022 and an **average return on shareholders' equity** of 18.2%.

Share capital

As at May 31, 2023, the **Corporation's share capital** consisted of 55,879,385 common shares [55,784,790 shares as at November 30, 2022]. For the three and six-month periods ended May 31, 2023, the weighted average number of diluted shares outstanding was 56,227,220 and 56,176,050 [56,445,300 and 56,457,660 in 2022].

DIVIDENDS

On July 6, 2023, the Board of Directors approved the payment of a quarterly dividend of 0.15\$ per share to shareholders of record as at July 20, 2023, payable on August 3, 2023. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

MAIN TRADEMARKS



PROFILE AS AT MAY 31, 2023

Richelieu is a leading North American importer, manufacturer and distributor 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 110,000 customers who are served by 115 centres in North America – 50 distribution centres in Canada, 62 in the United States and 3 manufacturing plants in Canada, specifically, Les Industries Cedan Inc., Menuiserie des Pins Ltée and USIMM/UNIGRAV, which manufacture a variety of veneer sheets and edge banding products, a broad selection of decorative mouldings and components for the window and door industry as well as custom products, including a 3D scanning centre.

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. The unaudited interim consolidated financial statements, accompanying notes and interim MD&A for the second quarter and first six months of 2023 will be available shortly on the website of the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and on the Corporation's website at www.richelieu.com.

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Richard Lord

President and Chief
Executive Officer

Antoine Auclair

Vice-President and Chief
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JULY 6, 2023, 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 6, 2023, 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 6, 2023, until midnight on July 13, 2023, by dialing **1-888-259-6562, access code: 825802 #**. Members of the media are invited to listen in.

Photos are available on www.richelieu.com