



Press release
for immediate release

**Solid growth for Richelieu in Q3 2021
Sales reached \$1.042 billion, up 28.9%
for the first nine months.**

***5 acquisitions closed since the beginning of fiscal 2021
for potential sales of \$75 million annually***

-
- **For the third quarter ended August 31, 2021, sales** totalled \$373.3 million, up 20.0%, of which 14.1% was internal growth and 5.9% came from acquisitions. In Canada and the United States, the increases were 21.3% and 26.7% (US\$), respectively. **For the first nine months of the financial year**, sales amounted to \$1.042 billion, up 28.9%.
 - **Net earnings attributable to shareholders** stood at \$38.7 million, or \$0.69 per diluted share, up 38.0%. For the first nine months, it reached \$1.72 per diluted share, up 67.0%.
 - **Closing of five acquisitions**, since the beginning of the financial year, including two in the third quarter and two subsequent to the end of the quarter. Opening of two distribution centers in the United States, including one in the third quarter.
 - **Sound and solid financial position** with **cash** of \$66.7 million, **total debt** of \$8.8 million, **working capital** of \$416.9 million for a ratio of 3.3:1 and **return on average equity** of 21.2%.

Montreal, October 7, 2021 – “Richelieu (RCH: TSX) has delivered another strong quarterly performance. Growth in the third quarter contributed to increase sales for the first nine months to over \$1 billion and further strengthen the financial position. We continued to focus on supporting our customers by providing value-added multi-channel service and an incomparable range of products through our network of "one-stop-shop" centers - as well as online at richelieu.com, and this despite the existing supply chain challenges. The manufacturers' market benefited from increased demand in the renovation market, achieving sales up 32.5% in Canada and 36.7% (US\$) in the United States. The retail market declined by 14.8% in Canada and 21.6% (US\$) in the United States - thus returning to a pre-pandemic business volume,” commented Richard Lord, President and Chief Executive Officer of Richelieu.



"Since the beginning of the year, we have pursued an active expansion strategy with the closing of five acquisitions in North America, for potential sales of \$75 million on an annual basis, and opened two additional distribution centers in the United States. Following the acquisitions completed in the third quarter - Uscan Industrial Fasteners Ltd. and 75% of Inter-Co Inc. - we closed two additional acquisitions after the end of the quarter: Cook Fasteners Inc. a distributor specializing in screws and fasteners for the manufacturers' market, with a distribution center in Mississauga, Ontario, and Industrial Plywood a distributor of panels and related products in Pennsylvania. In addition, after opening our fifth center in New York State in the first quarter, we opened a specialty hardware distribution center in Reading, Pennsylvania in the third quarter. Our network now includes 97 centers in North America. We are confident that we will end 2021 with good progress in our results, maintaining our short- and long-term value-creating strategies," added Mr. Richard Lord.

ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2021, COMPARED WITH THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2020

Third-quarter consolidated sales reached \$373.3 million, compared to \$311.2 million for the corresponding quarter of 2020, an increase of \$62.1 million or 20.0%, of which 14.1% from internal growth and 5.9% from acquisitions. At comparable exchange rates to the third quarter of 2020, the consolidated sales increase would have been 23.2% for the quarter ended August 31, 2021.

Richelieu achieved sales of \$318.8 million in the **manufacturers** market, compared to \$244.6 million for the third quarter of 2020, an increase of \$74.2 million or 30.3%, of which 24.5% from internal growth and 5.8% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at \$54.5 million, down \$12.1 million or 18.2% over the third quarter of 2020, of which 6.1% increase from acquisitions and 24.3% from internal decrease, thus returning to pre-pandemic business volume. Note that in the second half of 2020, the Corporation benefited from the favorable fallout from very strong demand in the renovation market in the midst of the pandemic.

In Canada, Richelieu recorded sales of \$246.2 million, an increase of \$43.2 million or 21.3% over the third quarter of 2020, of which 12.9% from internal growth and 8.4% from acquisitions. Sales to **manufacturers** amounted to \$205.3 million, compared to \$155 million in the third quarter of 2020, an increase of 32.5%, of which 23.9% from internal growth and 8.6% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$40.9 million, down \$7.1 million or 14.8% over the corresponding quarter of 2020, of which 7.2% increase from acquisitions and 22.0% from internal decrease.

In the United States, sales totalled US\$102.1 million, compared to US \$80.6 million for the third quarter of 2020, up US\$21.5 million or 26.7%, of which 25.3% from internal growth and 1.4% from acquisitions. Sales to **manufacturers** amounted to US\$91.2 million, compared to US\$66.7 million, an increase of 36.7% over the third quarter of 2020, of which 35.3% from internal growth and 1.4% from acquisitions. Sales in US\$ to hardware **retailers** and renovation superstores reached \$10.9 million, compared to \$13.9 million for the corresponding quarter of 2020, down \$3.0 million or 21.6%, from the corresponding quarter of 2020. Total U.S. sales in Canadian dollars stood at \$127.1 million, compared to \$108.2 million year over year, an increase of 17.5%. These sales accounted for 34.0% of consolidated sales for the third quarter of 2021, compared to 34.8% of consolidated sales for the third quarter of 2020.

For the first nine months, consolidated sales reached \$1.042 billion, an increase of \$233.5 million or 28.9% over the first nine months of 2020, of which 25.1% from internal growth and 3.8% from acquisitions. At comparable exchange rates to the first nine months of 2020, consolidated sales increase would have been 32.4%.

Sales to **manufacturers** reached \$872.2 million, compared to \$656.8 million for the first nine months of 2020, an increase of \$215.4 million or 32.8%, of which 29.1% from internal growth and 3.7% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 11.9% or \$18.1 million to total \$170.1 million.

In Canada, Richelieu recorded sales of \$687.5 million, compared to \$514.9 million for the first nine months of 2020, up by \$172.6 million or 33.5%, of which 29.0% from internal growth and 4.5% from acquisitions. Sales to **manufacturers** reached \$562.6 million, up by \$155.1 million or 38.1%, of which 33.9% from internal growth and 4.2% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$124.9 million, compared to \$107.4 million, up \$17.5 million or 16.3% over the first nine months of 2020.

In the United States, the Corporation recorded sales of US\$283.4 million, compared to US\$217.3 million for the first nine months of 2020, an increase of US\$66.1 million or 30.4%, of which 27.6% from internal growth and 2.8% from acquisitions. Sales to **manufacturers** totalled US\$247.3 million, compared to US\$184.3 million, an increase of US\$63.0 million or 34.2% over the first nine months of 2020, of which 30.9% from internal growth and 3.3% from acquisitions. Sales to hardware **retailers** and renovation superstores were up 9.4% from the corresponding period of 2020. Total U.S. sales in Canadian dollars amounted to \$354.8 million, compared to \$293.9 million for the corresponding nine months of 2020, an

increase of 20.7%. They accounted for 34.0% of consolidated sales for the first nine months of 2021, compared to 36.3% of the period's consolidated sales for the first nine months of 2020.

Third quarter earnings before income taxes, interest and amortization ("EBITDA") reached \$63.9 million and were up \$14.9 million or 30.3% over the third quarter of 2020, resulting from a significant increase in sales as well as continued rigorous cost control. **Gross margin** also improved from the third quarter of 2020 and **EBITDA margin** stood at 17.1%, compared to 15.8% for the corresponding quarter of 2020.

Amortization expense for the third quarter of 2021 amounted to \$9.3 million, up \$0.5 million compared to the corresponding quarter of 2020. **Income tax expense** amounted to \$15.1 million, up \$4.3 million from the third quarter of 2020. **Financial costs** amounted to \$0.7 million.

For the first nine months EBITDA totalled \$163.1 million, up \$55.3 million or 51.3% over the first nine months of 2020. **Gross margin** improved slightly over the corresponding nine-month period of 2020. As for **EBITDA margin**, it stood at 15.6%, compared to 13.3% for the first nine months of 2020 resulting from increased sales and cost control.

Amortization expense for the first nine months of 2021 amounted to \$26.3 million, up \$1.0 million compared to the same period of 2020. **Income tax expense** amounted to \$37.3 million, up \$15.3 million from the first nine months of 2020. **Financial costs** amounted to \$1.9 million for the first nine months of 2021.

Third quarter net earnings grew 35.0%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to \$38.7 million, up 35.2% over the third quarter of 2020. **Net earnings per share** rose to \$0.69 basic and diluted, compared to \$0.51 basic and \$0.50 diluted for the third quarter of 2020, an increase of 35.3% and 38.0% respectively.

Third quarter comprehensive income amounted to \$45.4 million, considering a positive adjustment of \$6.5 million on translation of the financial statements of the subsidiary in the United States, compared to \$20.9 million for the third quarter of 2020, considering a negative adjustment of \$7.9 million on translation of the financial statements of the subsidiary in the United States.

For the first nine months, net earnings increased 67.0%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled \$97.2 million, up 67.1% over the corresponding nine months of 2020. **Net earnings per share** amounted to \$1.74 basic and \$1.72 diluted, compared to \$1.03 basic and diluted for the first nine months of 2020, up 68.9 % and 67.0 % respectively.

For the first nine months, comprehensive income totalled \$93.9 million, considering a negative adjustment of \$3.6 million on translation of the financial statements of the subsidiary in the United States, compared to \$55.6 million for the first nine months of 2020, considering a negative adjustment of \$2.8 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Analysis of principal cash flows for the third quarter and first nine months ended August 31, 2021

Operating activities

Third quarter cash flows from operating activities (before net change in non-cash working capital balances) amounted to \$48.6 million or \$0.86 diluted per share, an increase of 27.7%, compared to \$38.1 million, or \$0.67 for the corresponding quarter of 2020, stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of \$14.9 million, reflecting change in accounts receivable and accounts payable of \$14.3 million, whereas change in inventories and other items used cash flows of \$29.2 million. Consequently, operating activities provided cash flows of \$33.8 million, compared to \$54.0 million in the third quarter of 2020.

For the first nine months, cash flows from operating activities (before net change in non-cash working capital balances) reached \$125.1 million or \$2.22 per share diluted, compared to \$84.9 million or \$1.50 per share diluted for the first nine months of 2020, an increase of 47.3%. Net change in non-cash working capital balances used cash flows of \$36.9 million, primarily representing changes in accounts receivable and inventories that used cash flows of \$58.4 million whereas accounts payable and other items represented a cash inflow of \$21.5 million. Consequently, operating activities provided cash flows of \$88.2 million, compared to \$112.2 million for the first nine months of 2020.

Financing activities

Third quarter cash flows from financing activities used cash flows of \$17.3 million, compared to \$9.2 million for the third quarter of 2020. The Corporation paid lease obligations of \$4.2 million and issued shares for \$0.7 million, compared to lease obligation payments of \$3.8 million, a share issuance for \$2.9 million and a long-term debt repayment of \$4.5 million in the third quarter of 2020. Dividends paid to shareholders of the Corporation amounted to \$3.9 million compared to \$3.8 million in the same period of 2020. The Corporation also repurchased common shares for an amount of \$9.8 million in the third quarter of 2021, while it did not make any share repurchases in 2020.

For the first nine months, cash flows from financing activities used cash flows of \$39.6 million, compared to \$19.9 million in the first nine months of 2020. The Corporation repaid long-term debt of \$3.1 million, paid lease obligations of \$12.1 million and issued shares for \$4.6 million, compared to a long-term debt repayment of \$5.0 million, lease obligations payments of \$11.0 million and a \$3.9 million share issue in the first nine months of 2020. Dividends paid to shareholders of the Corporation amounted to \$15.5 million compared to \$7.5 million in the same period of 2020. Note that the Corporation paid a special dividend of \$0.0667 per share in addition to a dividend of \$0.07 per share in the first quarter of 2021. The Corporation also repurchased common shares for an amount of \$13.1 million in the first nine months of 2021, while it did not make any share repurchases in 2020.

Investing activities

Third quarter cash flows from investing activities represented a cash outflow of \$39.6 million, including \$34.4 million for two business acquisitions made during the current quarter and \$5.2 million primarily for the purchase of new equipment to maintain and improve operational efficiency, as well as further investments in IT infrastructure.

For the first nine months, cash flows from investing activities represented a total cash outflow of \$56.3 million, including \$44.2 million for the three business acquisitions made during the current period and \$12.1 million primarily for the purchase of new equipment to maintain and improve operational efficiency.

Sources of financing

As at August 31, 2021, the cash and cash equivalents amounted to \$66.7 million, compared with \$73.9 million as at November 30, 2020. The Corporation posted a **working capital** of \$416.9 million for a current ratio of 3.3:1, compared with \$377.4 million (current ratio of 3.6:1) as at November 30, 2020.

Analysis of financial position as at August 31, 2021

(in thousands of \$, except exchange rates)		
As at	August 31, 2021 \$	November 30, 2020 \$
Current assets	602,251	522,702
Non-current assets	283,563	248,354
Total	885,814	771,056
Current liabilities	185,304	145,294
Non-current liabilities	75,836	71,319
Equity attributable to shareholders of the Corporation	622,308	551,094
Non-controlling interests	2,366	3,349
Total	885,814	771,056
<i>Exchange rates on translation of a subsidiary in the United States</i>	1.262	1.297

Assets

Total assets amounted to \$885.8 million as at August 31, 2021, compared with \$771.1 million as at November 30, 2020, an increase of 14.9%. **Current assets** grew by 15.2% or \$79.5 million over November 30, 2020. 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, to a lesser extent, in the products cost. **Non-current assets** increased 14.2% mainly due to the addition of intangible and goodwill related to the business acquisitions.

The Corporation continues to benefit from a healthy and solid financial position. As at August 31, 2021, **total debt** was \$8.9 million, mainly representing balances payable on acquisitions.

Equity attributable to shareholders of the Corporation totalled \$622.3 million as at August 31, 2021, compared with \$551.1 million as at November 30, 2020, an increase of \$71.2 million stemming primarily from a growth of \$69.0 million in retained earnings which amounted to \$549.8 million, and of \$5.8 million in share capital and contributed surplus, whereas accumulated other comprehensive income was down by \$3.6 million. As at August 31, 2021, the **book value per share** was \$11.15, up by 13.1% over November 30, 2020.

As at August 31, 2021, at the close of markets, the Corporation's **share capital** consisted of 55,808,294 common shares [55,893,568 shares as at November 30, 2020]. Weighted average of diluted outstanding shares for the three and nine-month periods ended August 31, 2021, were 56,566,200 and 56,474,900 [2020 - 56,769,970 and 56,582,160]. During the first nine months of 2021, the Corporation issued 231,100 common shares at an average exercise price of \$20.09 [331,900 in fiscal 2020 at an average exercise price of \$16.92] upon the exercise of stock options under its stock option plan. In addition, the Corporation repurchased for cancellation 316,374 common shares in the normal course of operations for a cash consideration of \$13.1 million (678,362 common shares for a cash consideration of \$25.0 million in fiscal 2020). During the first nine months ended August 31, 2021, the Corporation granted 289,000 stock options (300,500 in fiscal 2020) and cancelled 31,875 stock options. As at August 31, 2021, 1,723,950 stock options were outstanding [1,697,925 as at November 30, 2020].

Dividends

On October 7, 2021, the Board of Directors approved the payment of a quarterly dividend of 0.07\$ per share to shareholders of record as at October 21, 2021, payable on November 4, 2021. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT AUGUST 31, 2021

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 90,000 customers who are served by 94 centers in North America – 46 distribution centers in Canada, 46 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) and share-based compensation expense. 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:

Richard Lord, President and Chief Executive Officer

Antoine Auclair, Vice-President and Chief Financial Officer

Tel: (514) 336-4144 www.richelieu.com

OCTOBER 7, 2021, 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 October 7, 2021, 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 October 7, 2021, until midnight on October 14, 2021, by dialling **1-888-259-6562**, access code: **561528 #**. 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 August 31, 2021 \$	As at November 30, 2020 \$
ASSETS		
Current assets		
Cash and cash equivalents	66,682	73,928
Accounts receivable	180,260	156,908
Inventories	349,902	287,344
Prepaid expenses	5,407	4,522
	602,251	522,702
Non-current assets		
Property, plant and equipment	44,151	40,920
Intangible assets	59,138	42,243
Right-of-use assets	70,347	73,076
Goodwill	102,509	85,197
Deferred taxes	7,418	6,918
	885,814	771,056
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	145,175	120,193
Income taxes payable	12,517	4,031
Current portion of long-term debt	7,750	3,592
Current portion of lease obligation	19,862	17,478
	185,304	145,294
Non-current liabilities		
Long-term debt	1,100	2,200
Lease obligation	56,068	60,457
Deferred taxes	9,633	6,842
Other liabilities	9,035	1,820
	261,140	216,613
Equity		
Share capital	53,940	48,522
Contributed surplus	6,668	6,280
Retained earnings	549,825	480,808
Accumulated other comprehensive income	11,875	15,484
Equity attributable to shareholders of the Corporation	622,308	551,094
Non-controlling interests	2,366	3,349
	624,674	554,443
	885,814	771,056

CONSOLIDATED STATEMENTS OF EARNINGS

[In thousands of dollars, except earnings per share] [Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Sales	373,298	311,171	1,042,263	808,825
Operating expenses excluding amortization	309,361	262,088	879,210	701,089
Earnings before amortization, financial costs and income taxes	63,937	49,083	163,053	107,736
Amortization of property, plant and equipment and right-of-use assets	7,291	6,998	21,167	20,188
Amortization of intangible assets	2,009	1,826	5,179	5,099
Financial costs, net	656	645	1,943	2,086
	9,956	9,469	28,289	27,373
Earnings before income taxes	53,981	39,614	134,764	80,363
Income taxes	15,073	10,800	37,263	21,972
Net earnings	38,908	28,814	97,501	58,391
Net earnings attributable to:				
Shareholders of the Corporation	38,749	28,651	97,158	58,130
Non-controlling interests	159	163	343	261
	38,908	28,814	97,501	58,391
Net earnings per share attributable to shareholders of the Corporation				
Basic	0.69	0.51	1.74	1.03
Diluted	0.69	0.50	1.72	1.03

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars] [Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net earnings	38,908	28,814	97,501	58,391
Other comprehensive income that will be reclassified to net earnings				
Exchange differences on translation of foreign operations	6,540	(7,930)	(3,609)	(2,828)
Comprehensive income	45,448	20,884	93,892	55,563
Comprehensive income attributable to:				
Shareholders of the Corporation	45,289	20,721	93,549	55,302
Non-controlling interests	159	163	343	261
	45,448	20,884	93,892	55,563

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars] [Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings	38,908	28,814	97,501	58,391
Items not affecting cash				
Amortization of property, plant and equipment and right-of-use assets	7,291	6,998	21,167	20,188
Amortization of intangible assets	2,009	1,826	5,179	5,099
Deferred taxes	(78)	(66)	(209)	(227)
Share-based compensation expense	482	491	1,458	1,472
	48,612	38,063	125,096	84,923
Net change in non-cash working capital balances	(14,857)	15,965	(36,928)	27,287
	33,755	54,028	88,168	112,210
FINANCING ACTIVITIES				
Repayment of long-term debt	—	(4,509)	(3,139)	(4,991)
Dividends paid to Shareholders of the Corporation	(3,914)	(3,757)	(15,465)	(7,511)
Payment of principal portion of lease obligations	(4,227)	(3,848)	(12,059)	(11,020)
Other dividends paid	—	—	(511)	(277)
Common shares issued	718	2,872	4,643	3,921
Common shares repurchased for cancellation	(9,837)	—	(13,094)	—
	(17,260)	(9,242)	(39,625)	(19,878)
INVESTING ACTIVITIES				
Business acquisitions	(34,387)	(9,676)	(44,229)	(33,074)
Additions to property, plant and equipment and intangible assets	(5,191)	(3,216)	(12,077)	(9,248)
	(39,578)	(12,892)	(56,306)	(42,322)
Effect of exchange rate changes on cash and cash equivalents	179	35	517	(220)
Net change in cash and cash equivalents	(22,904)	31,929	(7,246)	49,790
Cash and cash equivalents, beginning of period	89,586	42,562	73,928	24,701
Cash and cash equivalents end of period	66,682	74,491	66,682	74,491