PRESS RELEASE
FOR IMMEDIATE RELEASE

GOOD THIRD-QUARTER PERFORMANCE FOR RICHELIEU

Highlights for Q3 ended August 31, 2023

- **Sales** of $459.0M.
- **EBITDA** of $61.0M - EBITDA margin of 13.3%.
- **Net earnings attributable to shareholders** of $29.8M, or $0.53 per diluted share.
- **Cash flows from operating activities** of $103.5M.

Nine-month period of 2023

- **Sales** of $1.3B.
- **EBITDA** of $171.6M - EBITDA margin of 12.9%.
- **Net earnings attributable to shareholders** of $82.9M, or $1.47 per diluted share.
- **Cash flows from operating activities** of $192.0M.
- **Sound financial position** as at August 31, 2023, with a **working capital** of $606.1M (ratio 3.4:1) and an **average return on equity** of 15.5%.

Quarterly dividend of $0.15 per share payable on November 2, 2023, to shareholders of record as at October 19, 2023.

Montreal, October 5, 2023 – (RCH : TSX) " Richelieu delivered a solid performance in the third quarter. The efficiency of our business model in our diversified markets enabled us to achieve a good level of sales, slightly lower than the corresponding quarter of 2022, which was favorably impacted by the market context resulting from the pandemic. In both Canada and the United States, our main market segments contributed to this performance, bringing sales for the first nine months to $1.3B. In addition, our operating activities generated significant cash flow of $103.5M in the third quarter, for a year-to-date total of $192.0M. We expect to close the financial year on November 30 with good results and a healthy and solid financial position. Our strategies of innovation and service, market penetration and business acquisition remain our key drivers for future growth," mentioned Richard Lord, President and Chief Executive Officer.

NORTH AMERICAN NETWORK EXPANSION AND CONSOLIDATION PROJECTS

While integrating the six acquisitions closed since the beginning of the year including four in Canada and two in the United States - the Corporation completed the expansion and modernization of its Seattle center, which is now fully operational, and continued the expansion project at its Pompano center during the quarter. Centers in the Atlanta and Nashville area are now consolidated, and those in the Calgary area are scheduled for completion in early 2024. Richelieu's North American network currently has 113 interconnected centres.

OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2023

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

(in millions of dollars)	Quarters ended August 31		Δ %		
	2023	2022	Total	Internal	Acquisitions
Consolidated	**459.0**	472.9	(2.9)	(4.6)	1.7
Manufacturers	**394.7**	409.1	(3.5)	(5.5)	2.0
Retailers	**64.3**	63.8	0.8	0.9	(0.1)
Canada	**270.1**	279.6	(3.4)	(5.5)	2.1
Manufacturers	**219.9**	228.0	(3.6)	(6.1)	2.5
Retailers	**50.2**	51.6	(2.7)	(2.7)	—
United States	**188.9**	193.3	(2.3)		
In $US	**141.6**	150.0	(5.6)	(6.6)	1.0
Manufacturers	**131.0**	140.6	(6.8)	(7.9)	1.1
Retailers	**10.6**	9.4	12.8	12.8	—

For the third quarter ended August 31, 2023, consolidated **sales** were $459.0M, compared to $472.9M for the third quarter of 2022, a decrease of $13.9M, or 2.9%, resulting from an internal decrease of 4.6%, while the acquisitions made a positive contribution of 1.7%. It should be noted that in the third quarter of 2022, the Corporation had achieved a strong internal growth of 16%.

Operating expenses excluding amortization totalled $398.0M, or 86.7% of sales, compared to $393.7M, or 83.3% of sales, for the corresponding period in fiscal 2022. In monetary terms, the level of operating expenses increased slightly. This is explained by the increase of operating costs including costs related to external warehousing resulting from the temporary inventory increase, as well as the effect of the rise in the value of the U.S. currency in relation to the Canadian currency on the conversion of the operating expenses of the subsidiary located in the United States, offset by a slight decrease in inventories expensed as a result of lower sales. In addition, the results for the third quarter of 2022 included a foreign exchange gain of $2.5M on the translation of monetary assets and liabilities, compared to a gain of $51K for the quarter ended August 31, 2023.

Earnings before income taxes, interest and amortization (EBITDA) was $61.0M, down $18.2M or 23.0% from the corresponding quarter of 2022, mainly as a result of lower sales and higher operating expenses. Gross margin reduced slightly. As a result, the EBITDA margin was 13.3%, compared with 16.7% for the corresponding quarter of 2022.

Amortization expense for the third quarter of 2023 amounted to $15.7M, up $3.1M over the corresponding period of 2022, as a result of the increase in property, plant and equipment and right-of-use assets stemming mainly from recent business acquisitions and expansion and modernization projects. **Net financial costs and other** were $3.1M for the quarter, compared to $2.1M in 2022, a variation of $1.1M due to higher lease obligations resulting from acquisitions, expansion projects and lease renewals.

Net earnings were $30.7M, down 34.4% from the prior year. Including non-controlling interests, net earnings attributable to shareholders of the Corporation were $29.8M, down 35.7% from Q3 2022. **Net earnings per share** were $0.53 basic and diluted, compared to $0.83 basic and $0.82 diluted for Q3 2022, down 36.1% and 35.4% respectively.

Cash flow from operating activities, before net change in non-cash working capital balances, was $48.5M or $0.86 per diluted share compared to $60.9M or $1.08 per diluted share for the third quarter of 2022. This 20.4% decrease mainly reflects the decrease in net earnings. The net change in non-cash working capital items represented a cash inflow of $55.1M, mainly reflecting decrease in inventories of $24.5M, while accounts receivable, payables and other items represented cash inflows of $30.6M. As a result, operating activities represented a cash inflow of $103.5M, compared to a cash inflow of $2.7M in Q3 2022.

In the first nine months of 2023, consolidated sales reached $1.3B$, down $11.2M or 0.8% over the first nine months of 2022, of which 2.0% from acquisitions and 2.8% from internal decrease.

Operating expenses excluding amortization totalled $1.2B, or 87.1% of sales, compared to $1.1B, or 84.3% of sales for the corresponding period in fiscal 2022. The variation is explained by operating expenses now approaching pre-pandemic levels, in addition to the elements mentioned above.

EBITDA was $171.6M, down $39.2M or 18.6% from the corresponding period of 2022 and **net earnings attributable to shareholders** of the Corporation were $82.9M, down 32.8% from the prior year. **Net earnings per share** were $1.49 basic and $1.47 diluted, compared to $2.21 basic and $2.19 diluted for the same period of 2022, down 32.6% and 32.9% respectively.

Cash flow from operating activities, before net change in non-cash working capital balances, was $135.1M or $2.40 per diluted share compared to $164.1M or $2.91 per diluted share for the first nine months of 2022. The net change in non-cash working capital items represented a cash inflow of $56.8M, mainly reflecting the decrease in inventories which generated a cash inflow of $74.4M, while accounts payable, income tax payable and other items used cash of $17.6M. As a result, operating activities represented a cash inflow of $192.0M, compared to a cash outflow of $37.9M in the first nine months of 2022.

Financial position

Total **assets** were $1.30B as at August 31, 2023, compared to $1.28B as at November 30, 2022, an increase of 1.5%. Current assets were down 5.7% or $52.1M from November 30, 2022 resulting mainly from the inventory reduction. Non-current assets increased by 19.0% mainly due to the addition of right-of-use assets, intangible assets and goodwill related to business acquisitions and expansion projects. As at August 31, 2023, the Corporation had a **working capita**l of $606.1M, for a ratio of 3.4:1, compared to $562.5M (ratio of 2.6:1) as at November 30, 2022 and an average return on shareholders' equity of 15.5%.

Share capital

As at August 31, 2023, the Corporation's share capital consisted of 55,925,490 common shares [55,784,790 shares as at November 30, 2022]. For the three and nine-month periods ended August 31, 2023, the weighted average number of diluted shares outstanding was 56,346,260 and 56,225,410 [56,240,120 and 56,386,990 in 2022].

DIVIDENDS

On October 5, 2023, the Board of Directors approved the payment of a quarterly dividend of 0.15$ per share to shareholders of record as at October 19, 2023, payable on November 2, 2023. The declared dividend is designated as an eligible dividend within the meaning of the *Income Tax Act* (Canada).

MAIN TRADEMARKS

Richelieu, Reliable Fasteners, Onward, TASK, PRO-TEC, LIONGRIP, NEOS Products Richelieu, Mekano, FormArt, AXIAL, RIVEO, CEDAN, MIBRO, LAKNORD, sereni-T series, Brillanté, NYSTROM, EvolutionHD, StrukArt, Richelieu ERGO, Super Slidex, Wall-It, Feltac, MADICO, inter·co division

PROFILE AS AT AUGUST 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 its 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 113 centres in North America – 50 distribution centres in Canada, 60 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 third quarter and first nine 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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OCTOBER 5, 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 October 5, 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 October 5, 2023, until midnight on October 12, 2023, by dialing **1-888-259-6562, access code: 357265 #.** Members of the media are invited to listen in.

Photos are available on www.richelieu.com