



Press release
for immediate release

Richelieu sales climb to \$1.44 billion in fiscal 2021
A 67.3% increase in net earnings per share

5 acquisitions completed during the fiscal year
and 3 others completed subsequently to November 30, 2021
for an additional \$180 million in annual sales

85.7% dividend increase

Fourth quarter ended November 30, 2021:

- **Sales** totaled \$398.2 million, up 24.8%.
- **EBITDA** increased 52.7% to \$71.3 million.
- **Diluted net earnings per share** were \$0.79, up 64.6%.

For fiscal 2021:

- **Sales** reached \$1,440.4 million, up 27.7% over 2020.
- **Earnings before income taxes, interest and amortization (EBITDA)** increased to \$234.4 million, up 51.8%. The EBITDA margin was 16.3% compared to 13.7% in 2020.
- **Net earnings attributable to shareholders** increased by 66.3% to \$141.8 million and reached **\$2.51 per diluted share**, up 67.3%.
- **Repurchase of 316,374 common shares** for \$13.1 million.
- **Five acquisitions** concluded in Canada and the United States during fiscal 2021, for additional sales of approximately \$80 million on an annual basis. **Three acquisitions** completed in the United States subsequently to the end of the fiscal year for estimated annual sales of \$100 million.
- **Sound and robust financial position**, with a **cash balance** of \$58.7 million, **total debt** of \$6.4 million, **working capital** of \$456.4 million (3.3:1 ratio), and a **return on average equity** of 23.3% as at November 30, 2021.

85.7% increase in the dividend to \$0.13 per share for the first quarter of 2022.

Montreal, January 20, 2022 – (RCH/TSX) “Fiscal 2021 stands out in Richelieu’s financial history as the best performing year in regards to results and financial position, and one of the most dynamic in terms of strategic expansion. 2021 growth attests that the Corporation, with its strengths and assets, successfully took advantage of the growing demand in the renovation market as well as business acquisition opportunities. Sales in the **manufacturer** market reached \$1.2 billion, **up 30.9%**, including an **increase of 32.5% in Canada** and **37.3% (in U.S. dollars) in the United States**. In the retailer market, sales rose to \$236.8 million, up 13.7%, with 17.6% in Canada and 11% (in U.S. dollars) in the U.S. In the fourth quarter, all markets contributed strongly with a 27.8% increase in sales for the manufacturer market and a 10.4% increase for the retailer market. We are pleased with the rise in EBITDA and net earnings, which reflect an increase in sales and our ongoing efficiency and cost control efforts. Also worth noting is the 85.7%



increase in the quarterly dividend, which rises to \$0.13,” said Richard Lord, President and CEO of Richelieu.

“In addition to the five acquisitions completed in Canada and the United States during the year, three more acquisitions were completed after November 30, 2021. These eight acquisitions enable us to strengthen our presence in markets where we were already active, enter new strategic territories, integrate new teams with a solid knowledge of their markets, and add over \$180 million in sales annually. The latest acquisitions are three U.S. distributors of specialty hardware and complementary products serving manufacturer customers: *Compi Distributors*, which operates four distribution centers in Missouri and Illinois; *HGH Hardware Supply*, which also operates four distribution centers in Alabama, Tennessee, and Georgia; and *National Builders Hardware*, which operates a distribution center in Portland, Oregon. We also opened two more centers in the United States, in Rochester, New York, and Reading, Pennsylvania, and expanded several of our U.S. centers, notably those in Detroit, Boston, Dallas, and Orlando. As a result of these developments and recent acquisitions, Richelieu’s North American network now consists of 106 strategically located distribution centers, including 57 in the United States,” concluded Richard Lord.

ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED NOVEMBER 30, 2021, COMPARED WITH THE YEAR ENDED NOVEMBER 30, 2020

Consolidated sales

Consolidated sales reached \$1,440.4 million, an increase of \$312.6 million or 27.7% over 2020, of which 22.8% from internal growth and 4.9% from acquisitions. At comparable exchange rates to 2020, the consolidated sales growth would have been 30.9% for the year ended November 30, 2021.

Sales to **manufacturers** grew to \$1,203.6 million, compared with \$919.5 million for fiscal 2020, an increase of \$284.1 million or 30.9%, of which 26.9% from internal growth and 4.0% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 13.7% or \$28.5 million to total \$236.8 million, of which 4.9% from internal growth and 8.8% from acquisitions.

In Canada, Richelieu achieved sales of \$944.8 million, compared with \$730.0 million for fiscal 2020, up by \$214.8 million or 29.4%, of which 24.5% from internal growth and 4.9% from acquisitions. Sales to **manufacturers** rose to \$767.5 million, up by \$188.4 million or 32.5%, of which 29.3% from internal growth and 3.2% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$177.3 million, compared with \$150.8 million, up by \$26.5 million or 17.6% over fiscal 2020, of which 6.4% from internal growth and 11.2% from acquisitions. These increases are the result of increased demand in the renovation market in Canada as well as higher selling prices.

In the United States, the Corporation recorded sales of US\$395.6 million, compared with US\$296.3 million for fiscal 2020, an increase of US\$99.3 million or 33.5%, of which 28.1% from internal growth and 5.4% from acquisitions. Sales to **manufacturers** totalled US\$348.1 million, compared with US\$253.5 million, an increase of US\$94.6 million or 37.3% over fiscal 2020, of which 31.5% from internal growth and 5.8% from acquisitions. Sales to hardware **retailers** and renovation superstores were up by 11.0% compared to fiscal 2020, of which 8.2% from an internal growth and 2.8% from acquisitions. As in Canada, these increases can be explained by a higher demand in the renovation market as well as the increase of selling prices. Considering exchange rates, U.S. sales expressed in Canadian dollars amounted to \$495.6 million, compared with \$397.9 million for 2020, an increase of 24.6%. They accounted for 34.4% of consolidated sales in fiscal 2021, whereas they represented 35.3% of the year's consolidated sales in fiscal 2020.

Consolidated EBITDA and EBITDA margin

Earnings before income taxes, interest and amortization (EBITDA) totalled \$234.4 million, up by \$79.9 million or 51.8% over 2020. As for the **EBITDA margin**, it stood at 16.3%, compared with 13.7% for 2020, resulting from improved gross margin, increased sales and cost control.

Amortization expenses amounted to \$37.0 million compared with \$34.0 million for 2020, an increase of \$3.0 million resulting from the increase in the amortization of intangible assets and right-of-use assets mainly relating to business acquisitions as well as lease renewals and expansions made during the year. **Income taxes** amounted to \$52.4 million, an increase of \$20.3 million over 2020.

Consolidated net earnings attributable to shareholders

Net earnings rose 66.3%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled \$141.8 million, an increase of 66.3% compared to 2020. **Net earnings per share** amounted to \$2.54 basic and \$2.51 diluted, compared with \$1.51 basic and \$1.50 diluted for 2020, an increase of 68.2% and 67.3% respectively.

Comprehensive income totalled \$141.1 million, reflecting a negative adjustment of \$1.2 million on translation of the financial statements of the subsidiary in the United States, compared with \$81.9 million for 2020, which reflected a negative adjustment of \$3.7 million on translation of the financial statements of the subsidiary in the United States.

FOURTH QUARTER ENDED NOVEMBER 30, 2021

Fourth-quarter consolidated sales amounted to \$398.2 million, compared with \$319.0 million for the corresponding quarter of 2020, an increase of \$79.2 million or 24.8%, of which 17.1% resulting of internal growth and 7.7% from acquisitions. At comparable exchange rates to the fourth quarter of 2020, the consolidated sales growth would have been 26.9% for the quarter ended November 30, 2021.

Richelieu achieved sales of \$338.7 million in the **manufacturers** market, compared with \$265.1 million for the fourth quarter of 2020, an increase of \$73.6 million or 27.8%, of which 21.2% from internal growth and 6.6% from acquisitions. These increases come from increased demand in the renovation market as well as higher selling prices. Sales to hardware **retailers** and renovation superstores stood at \$59.5 million, up by \$5.6 million or 10.4% over the fourth quarter of 2020, of which 13.1% resulting from acquisitions and 2.7% from internal decrease, thus reducing the volume of business to a pre-pandemic level. It should be noted that in the second half of 2020, the Corporation benefited from the favorable fallout of strong demand in the renovation market in the context of the pandemic.

In Canada, Richelieu recorded sales of \$260.1 million, an increase of \$45.1 million, or 21.0%, over the fourth quarter of 2020. Sales to **manufacturers** amounted to \$215.0 million, an increase of 23.6% of which 18.9% resulting from internal growth and 4.7% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$45.1 million, up by \$4.1 million or 10.0%.

In the United States, sales totalled US\$109.9 million, compared with US\$78.9 million for the fourth quarter of 2020, an increase of US\$31.0 million or 39.3%, of which 30.5% resulting from internal growth and 8.8% from acquisitions. Sales to **manufacturers** amounted to US\$98.4 million, an increase of US\$29.3 million or 42.4% over the fourth quarter of 2020. Sales to hardware **retailers** and renovation superstores were up by US\$1.7 million, or 17.3%, from the corresponding quarter of 2020. Considering exchange rates, total U.S. sales expressed in Canadian dollars stood at \$138.1 million, an increase of 32.8%. They accounted for 34.7% of consolidated sales for the fourth quarter of 2021, whereas they had represented 32.6% of the period's consolidated sales for the fourth quarter of 2020.

Earnings before income taxes, interest and amortization (EBITDA) amounted to \$71.3 million compared with \$46.7 million in the fourth quarter of 2020, up 52.7%. **EBITDA margin** stood at 17.9%, compared with 14.6% for the fourth quarter of 2020, resulting from improved gross margin, increased sales and continued cost control.

Amortization expenses amounted to \$10.6 million compared with \$8.7 million for the corresponding quarter of 2020, an increase of \$1.9 million. **Income taxes** amounted to \$15.1 million compared with \$10.2 million for the fourth quarter of 2020.

Net earnings were up by 64.7%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to \$44.6 million, up by 64.6% over the fourth quarter of 2020. **Net earnings per share** rose to \$0.80 basic and \$0.79 diluted, compared with \$0.48 basic and diluted for the fourth quarter of 2020, an increase of 66.7% and 64.6% respectively.

Comprehensive income amounted to \$47.2 million, reflecting a positive adjustment of \$2.4 million on translation of the financial statements of the subsidiary in the United States, compared with \$26.4 million for the fourth quarter of 2020, which reflected a negative adjustment of \$0.9 million on translation of the financial statements of the subsidiary in the United States.

Cash flows from operating activities (before net change in non-cash working capital balances) amounted to \$55.0 million or \$0.97 per share, compared with \$36.2 million or \$0.64 per share for the fourth quarter of 2020, an increase of 51.8% resulting primarily from an increase in net earnings. Net change in non-cash working capital balances used cash flows of \$41.6 million, reflecting the change in inventory and accounts receivable of \$41.7 million, whereas the change in accounts payable and other items represented a cash inflow of \$0.1 million. Consequently, operating activities provided cash flows of \$13.3 million, compared with \$33.5 million for the fourth quarter of 2020.

Financing activities used cash flows of \$11.2 million, compared with \$31.0 million for the fourth quarter of 2020. This change was primarily driven by common shares repurchases of \$25.0 million for the fourth quarter of 2020 while no share repurchases were made in the fourth quarter of 2021.

Investing activities used cash flows of \$10.2 million in the fourth quarter, of which \$5.2 million for business acquisitions and \$5.0 million mainly for equipment to maintain and improve operational efficiency.

Analysis of significant cash flows for the year ended November 30, 2021

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) reached \$183.0 million or \$3.24 diluted per share, compared with \$123.9 million or \$2.19 diluted per share for 2020, an increase of 47.7% stemming primarily from net earnings increase. Net change in non-cash working capital balances used cash flows of \$78.6 million, primarily representing changes in inventory and accounts receivable of \$117.5 million whereas accounts payable and other items represented a cash inflow of \$38.9 million. Consequently, operating activities provided cash flows of \$104.4 million compared with \$148.5 million for 2020.

Financing activities

Financing activities used cash flows of \$53.7 million, compared with \$53.6 million for 2020. During the year, Richelieu repaid long-term debt of \$6.4 million, paid lease obligations of \$19.4 million and issued shares for \$5.2 million, compared to a long-term debt repayment of \$5.2 million, lease obligations payments of \$17.5 million and a \$5.6 million share issue in 2020. Dividends paid to shareholders of the Corporation amounted to \$19.4 million compared to \$11.3 million up by 71.7% over 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 compared with \$25.0 million in 2020.

Investing activities

Investing activities used cash flows of \$66.5 million, of which \$49.4 million for business acquisitions and \$17.1 million, mainly for equipment to maintain and improve operational efficiency and for IT equipment.

Sources of financing

As at November 30, 2021, **cash and cash equivalents** amounted to \$58.7 million, compared with \$73.9 million as at November 30, 2020. The Corporation had a **working capital** of \$456.4 million for a current ratio of 3.3 : 1, compared with \$377.4 million (3.6 : 1 ratio) as at November 30, 2020.

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 financing and investing activities between now and the end of 2022. The Corporation continues to benefit from an authorized line of credit of \$65 million 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 access to other outside financing if necessary.

The expectation set forth above consists of forward-looking information based on the assumption that economic conditions and exchange rates will not deteriorate significantly, operating expenses will not increase considerably, deliveries will be sufficient to fulfill Richelieu's requirements, the availability of credit will remain stable in 2022, and no unusual events will entail additional capital expenditures. This expectation also remains subject to the risks identified under the "Risk Factors" as set forth in the Corporation's annual reports.

Summary of financial position

(in thousands of \$, except exchange rates)

	2021	2020
	\$	\$
As at November 30		
Current assets	659,179	522,702
Non-current assets	305,001	248,354
Total	964,180	771,056
Current liabilities	202,803	145,294
Non-current liabilities	92,440	71,319
Equity attributable to shareholders of the Corporation	666,442	551,094
Non-controlling interests	2,495	3,349
Total	964,180	771,056
<i>Exchange rates on translation of a subsidiary in the United States</i>	1.279	1.297

Assets

Total assets amounted to \$964.2 million as at November 30, 2021, compared with \$771.1 million as at November 30, 2020. **Current assets** increased by 26.1% or \$136.5 million from November 30, 2020. This increase stems from the addition of current assets following the business acquisitions made during the year, from internal growth of the business and, to a lesser extent, to increase of inventory supply costs. **Non-current assets** increased by 22.8% mainly due to the addition of intangible assets and goodwill related to business acquisitions

Cash position and long-term debt

(in thousands of \$)

	2021	2020
As at November 30	\$	\$
Current portion of long-term debt	5,339	3,592
Long-term debt	1,100	2,200
Total debt	6,439	5,792
<i>Cash and cash equivalents</i>	58,707	73,928

As at November 30, 2021, the Corporation continues to benefit from a healthy and solid financial position. **Total debt** was \$6.4 million, representing balances payable on acquisitions.

Equity attributable to shareholders of the Corporation totalled \$666.4 million as at November 30, 2021, compared with \$551.1 million as at November 30, 2020, an increase of \$115.3 million. This increase is mainly due to a rise of \$109.7 million in retained earnings, which amounted to \$590.5 million, and of \$6.9 million in share capital and contributed surplus, while accumulated other comprehensive income was down by \$1.2 million. As at November 30, 2021, **the book value per share** was \$11.93, up by 21.0% over November 30, 2020, and the return on average shareholders' equity was 23.3%.

As at November 30, 2021, the Corporation's **share capital** consisted of 55,841,119 common shares (55,893,568 shares as at November 30, 2020). In 2021, upon the exercise of stock options under the stock option plan, Richelieu issued 263,925 common shares at an average price of \$19.54 (331,900 in 2020 at an average price of \$16.92). In addition, 316,374 common shares were repurchased for cancellation under the normal course issuer bid for a cash consideration of \$13.1 million in 2021 (678,362 common shares for a cash consideration of \$25.0 million in 2020). The Corporation granted 289,000 stock options in fiscal 2021 (300,500 in 2020) and cancelled 31,875 (41,375 in 2020). Consequently, as at November 30, 2021, 1,691,125 stock options were outstanding (1,697,925 as at November 30, 2020).

Dividends

On January 20, 2022, the Board of Directors approved the payment of a quarterly dividend of \$0.13 per share to shareholders of record as at February 3, 2022, payable on February 17, 2022. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT NOVEMBER 30, 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 97 centres in North America – 47 distribution centres in Canada, 48 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 of property, plant and equipment, intangible and right-of-use assets, 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 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

JANUARY 20, 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 January 20, 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 January 20, 2022 until midnight on January 27, 2022, by dialing **1-888-259-6562**, **access code: 226640 #**. Members of the media are invited to listen in.

Photos are available on www.richelieu.com

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[In thousands of dollars]

As at November 30

	2021	2020
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	58,707	73,928
Accounts receivable	199,585	156,908
Inventories	395,464	287,344
Prepaid expenses	5,423	4,522
	<u>659,179</u>	<u>522,702</u>
Non-current assets		
Property, plant and equipment	46,239	40,920
Intangible assets	53,910	42,243
Right-of-use assets	87,013	73,076
Goodwill	110,776	85,197
Deferred taxes	7,063	6,918
	<u>964,180</u>	<u>771,056</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	155,009	120,193
Income taxes payable	21,281	4,031
Current portion of long-term debt	5,339	3,592
Current portion of lease obligations	21,174	17,478
	<u>202,803</u>	<u>145,294</u>
Non-current liabilities		
Long-term debt	1,100	2,200
Lease obligations	71,880	60,457
Deferred taxes	9,868	6,842
Other liabilities	9,592	1,820
	<u>295,243</u>	<u>216,613</u>
Equity		
Share capital	54,610	48,522
Contributed surplus	7,046	6,280
Retained earnings	590,522	480,808
Accumulated other comprehensive income	14,264	15,484
Equity attributable to shareholders of the Corporation	<u>666,442</u>	<u>551,094</u>
Non-controlling interests	2,495	3,349
	<u>668,937</u>	<u>554,443</u>
	<u>964,180</u>	<u>771,056</u>

CONSOLIDATED STATEMENTS OF EARNINGS

[In thousands of dollars, except earnings per share]

Years ended November 30

	2021	2020
	\$	\$
Sales	1,440,416	1,127,840
Operating expenses excluding amortization	1,206,018	973,379
Earnings before amortization, financial costs and income taxes	234,398	154,461
Amortization of property, plant and equipment and right-of-use assets	29,059	27,261
Amortization of intangible assets	7,898	6,761
Financial costs, net	2,700	2,682
	39,657	36,704
Earnings before income taxes	194,741	117,757
Income taxes	52,410	32,146
Net earnings	142,331	85,611
Net earnings attributable to:		
Shareholders of the Corporation	141,764	85,222
Non-controlling interests	567	389
	142,331	85,611
Net earnings per share attributable to shareholders of the Corporation		
Basic	2.54	1.51
Diluted	2.51	1.50

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars]

Years ended November 30

	2021	2020
	\$	\$
Net earnings	142,331	85,611
Other comprehensive loss that will be reclassified to net earnings		
Exchange differences on translation of foreign operations	(1,220)	(3,697)
Comprehensive income	141,111	81,914
Comprehensive income attributable to:		
Shareholders of the Corporation	140,544	81,525
Non-controlling interests	567	389
	141,111	81,914

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]

Years ended November 30

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net earnings	142,331	85,611
Items not affecting cash and cash equivalent		
Amortization of property, plant and equipment and right-of-use assets	29,059	27,261
Amortization of intangible assets	7,898	6,761
Deferred taxes	(1,216)	(393)
Share-based compensation expense	1,991	1,885
Financial costs	2,928	2,806
	<u>182,991</u>	123,931
Net change in non-cash working capital balances	<u>(78,585)</u>	24,582
	<u>104,406</u>	148,513
FINANCING ACTIVITIES		
Repayment of long-term debt	(6,424)	(5,173)
Dividends paid to Shareholders of the Corporation	(19,374)	(11,284)
Payment of lease obligations	(19,446)	(17,492)
Other dividends paid	(511)	(277)
Common shares issued	5,158	5,614
Common shares repurchased for cancellation	(13,094)	(25,030)
	<u>(53,691)</u>	(53,642)
INVESTING ACTIVITIES		
Business acquisitions	(49,436)	(33,074)
Additions to property, plant and equipment and intangible assets	(17,054)	(12,441)
	<u>(66,490)</u>	(45,515)
Effect of exchange rate changes on cash and cash equivalents	554	(129)
Net change in cash and cash equivalents	(15,221)	49,227
Cash and cash equivalents, beginning of year	<u>73,928</u>	24,701
Cash and cash equivalents, end of year	<u>58,707</u>	<u>73,928</u>