



Press release
for immediate release

**Richelieu increased sales by 25.2% in 2022
with accelerated growth in the United States of 42.2% (US\$)
Net earnings per share up 19.1%**

**8 acquisitions, including
4 completed in January 2023**

Fourth quarter ended November 30, 2022:

- **Sales** totalled \$457.5 million, up 14.9%, including 6.7% from internal growth and 8.2% from acquisitions.
- **EBITDA** increased 7.5% to \$76.7 million.
- **Diluted net earnings per share** were \$0.80.

For Year 2022:

- **Sales** were \$1.8 billion, up 25.2% %, including 13.4% from internal growth and 11.8% from acquisitions. 42.2% increase in sales in the United States, representing 40% of total sales.
- **Earnings before interest, income taxes and amortization (EBITDA)** increased to \$287.4 million, up 22.6%. The EBITDA margin was 15.9%.
- **Net earnings attributable to shareholders** increased by 18.8% to \$168.4 million and reached \$2.99 **diluted per share**, up 19.1%.
- **Repurchase of 327,329 common shares** for \$12.3 million.
- **Four acquisitions** completed during the year, including three in the United States and one in Canada for additional sales of approximately \$125 million on an annual basis. **Four other acquisitions** were made in Canada subsequently to the end of the fiscal year, in January 2023, for estimated annual sales of \$18 million.
- **Sound and robust financial position**, with **working capital** of \$562.5 million (2.6:1 ratio), and a **return on average equity** of 22.7% as at November 30, 2022.

Increased dividend by 15.4% to \$0.15 per share for the first quarter of 2023.

Montreal, January 19, 2023 – “Richelieu (RCH/TSX) has achieved strong growth in 2022 through the contributions of our recent acquisitions and our diversified market segments in Canada and the U.S., including our new specialty markets - thanks also to our ongoing innovation strategy and the quality of our team’s execution. Our sales to **manufacturers** were \$1.6 billion, up 28.9%, including a 14.2% increase in Canada and a 49.7% increase (in U.S. dollars) in the United States, where our three acquisitions closed in the first quarter (Compi Distributors, HGH Hardware Supply, and National Builders Hardware) made a solid contribution to growth. Sales to **retailers** totalled \$251.5 million, up 6.3%. The increases in EBITDA and the



net earnings reflect the rise in sales and our ongoing efforts to improve efficiency and control costs,” said Richard Lord, president and CEO of Richelieu.

“In addition to the three acquisitions made in the United States, we acquired a specialty hardware distributor in Canada, Quincaillerie Deno, last September. In January 2023, we concluded four new acquisitions that contribute to diversify our offering and our customer base: Quincaillerie Rabel, a distributor of specialty hardware with a distribution center in Terrebonne, QC - Trans-World Distributing, a distributor of industrial fasteners, with a distribution center in Dartmouth, NS - Unigrav and Usimm, two companies offering custom products, including a 3D scanning centre, for the architectural and industrial markets, located respectively in Drummondville and Montreal, QC. These new transactions will add approximately \$18 million in sales on an annual basis,” added Mr. Lord.

ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED NOVEMBER 30, 2022, COMPARED WITH THE YEAR ENDED NOVEMBER 30, 2021

Consolidated sales

Consolidated sales reached \$1.8 billion, an increase of \$362.4 million or 25.2% over 2021, of which 13.4% from internal growth and 11.8% from acquisitions. At comparable exchange rates to 2021, the consolidated sales growth would have been 23.5% for the year ended November 30, 2022.

Sales to **manufacturers** grew to \$1.6 billion, compared with \$1.2 billion for fiscal 2021, an increase of \$347.5 million or 28.9%, of which 15.9% from internal growth and 13.0% from acquisitions. These increases are the result of the sustained demand in the renovation market as well as higher selling prices. Sales to hardware **retailers** and renovation superstores grew by 6.3% or \$14.9 million to total \$251.5 million, entirely from acquisitions.

In Canada, Richelieu achieved sales of \$1.1 billion, compared with \$944.8 million for fiscal 2021, up by \$129.9 million or 13.7%, of which 10.3% from internal growth and 3.4% from acquisitions. Sales to **manufacturers** rose to \$876.7 million, up by \$109.1 million or 14.2%, of which 11.7% from internal growth and 2.5% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$198.0 million, compared with \$177.2 million, up by \$20.8 million or 11.7% over fiscal 2021, of which 4.4% from internal growth and 7.3% from acquisitions.

In the United States, the Corporation recorded sales of US\$562.5 million, compared with US\$395.6 million for fiscal 2021, an increase of US\$166.9 million or 42.2%, of which 15.4% from internal growth and 26.8% from acquisitions. Sales to **manufacturers** totalled US\$521.2 million, compared with US\$348.2 million, an increase of US\$173.0 million or 49.7% over fiscal 2021, of which 19.4% from internal growth and 30.3% from acquisitions. Sales to hardware **retailers** and renovation superstores were down by 12.9% compared to fiscal 2021. Considering exchange rates, U.S. sales expressed in Canadian dollars amounted to \$728.1 million, compared with \$495.6 million for 2021, an increase of 46.9%. They accounted for 40.4% of consolidated sales in fiscal 2022, whereas they represented 34.4% of the consolidated sales in fiscal 2021.

EBITDA and net earnings

Earnings before interest, income taxes and amortization (EBITDA) totalled \$287.4 million, up by \$53.0 million or 22.6% over 2021 resulting mainly from the increase in sales. The gross margin remained stable compared to the previous year and **EBITDA margin** stood at 15.9%, compared with 16.3% for 2021.

Amortization expenses amounted to \$48.6 million compared with \$37.0 million for 2021, an increase of \$11.6 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 previous periods. Financial costs were \$7.1 million compared with \$2.7 million, an increase of \$4.4 million resulting mainly from the use of lines of credit and the increase in lease obligations. **Income taxes** amounted to \$61.7 million, an increase of \$9.3 million over 2021.

Net earnings rose 19.4%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled \$168.4 million, an increase of 18.8% compared to 2021. **Net earnings per share** amounted to \$3.01 basic and \$2.99 diluted, compared with \$2.54 basic and \$2.51 diluted for 2021, an increase of 18.5% and 19.1% respectively.

FOURTH QUARTER ENDED NOVEMBER 30, 2022

Fourth-quarter consolidated sales amounted to \$457.5 million, compared with \$398.2 million for the corresponding quarter of 2021, an increase of \$59.3 million or 14.9%, of which 6.7% resulting from internal growth and 8.2% from acquisitions. At comparable exchange rates to the fourth quarter of 2021, the consolidated sales growth would have been 11.7% for the quarter ended November 30, 2022.

Richelieu achieved sales of \$398 million in the **manufacturers** market, compared with \$338.9 million for the fourth quarter of 2021, an increase of \$59.1 million or 17.4%, of which 7.8% from internal growth and 9.6% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at \$59.5 million, equivalent to the fourth quarter of 2021.

In Canada, Richelieu recorded sales of \$273.5 million, an increase of \$13.4 million, or 5.2%, over the fourth quarter of 2021. Sales to **manufacturers** amounted to \$226.0 million, an increase of 5.0% of which 4.5% resulting from internal growth and 0.5% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$47.5 million, up by \$2.6 million or 5.8%.

In the United States, sales totalled US\$136.4 million, compared with US\$109.9 million for the fourth quarter of 2021, an increase of US\$26.5 million or 24.1%, of which 2.8% resulting from internal growth and 21.3% from acquisitions. Sales to **manufacturers** amounted to US\$127.5 million, an increase of US\$29.0 million or 29.4% over the fourth quarter of 2021. Sales to hardware **retailers** and renovation superstores were down by US\$2.5 million, or 21.9%, from the corresponding quarter of 2021. Considering exchange rates, total U.S. sales expressed in Canadian dollars stood at \$184.0 million, an increase of 33.2%. They accounted for 40.2% of consolidated sales for the fourth quarter of 2022, whereas they had represented 34.7% of the period's consolidated sales for the fourth quarter of 2021.

Earnings before interest, income taxes and amortization (EBITDA) amounted to \$76.7 million compared with \$71.3 million in the fourth quarter of 2021, up 7.5%. The gross margin remained stable compared to the previous year and **EBITDA margin** stood at 16.8%, compared with 17.9% for the fourth quarter of 2021, influenced by slightly lower margin of certain acquisitions.

Amortization expenses amounted to \$13.1 million compared with \$10.6 million for the corresponding quarter of 2021, an increase of \$2.5 million. **Financial costs** are up \$2.1 million mainly due to the use of credit lines and the increase in lease obligations. **Income taxes** amounted to \$15.0 million, compared with \$15.1 million for the fourth quarter of 2021.

Net earnings were up by 2.0%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to \$44.9 million, up by 0.8% over the fourth quarter of 2021. **Net earnings per share** were \$0.80 basic and diluted, compared with \$0.80 basic and \$0.79 diluted for the fourth quarter of 2021.

Cash flows from operating activities (before net change in non-cash working capital balances) amounted to \$60.4 million or \$1.07 per share, compared with \$55.7 million or \$0.99 per share for the fourth quarter of 2021, an increase of 8.3% resulting primarily from net earnings and items not affecting cash and cash equivalent increases. Net change in non-cash working capital balances used cash flows of \$58.6 million, reflecting the change in inventory and accounts receivable of \$54.9 million, whereas the change in accounts payable and other items used cash flows of \$3.7 million. Consequently, operating activities provided cash flows of \$1.7 million, compared with \$14.1 million for the fourth quarter of 2021.

Financing activities used cash flows of \$19.7 million, compared with \$11.9 million for the fourth quarter of 2021. This change primarily resulted from common shares repurchases of \$4.4 million for the fourth quarter of 2022 while no share repurchases were made in the fourth quarter of 2021.

Investing activities used cash flows of \$7.6 million in the fourth quarter, of which \$1.8 million for business acquisitions and \$5.8 million mainly for equipment to maintain and improve operational efficiency including additions resulting from ongoing expansion projects.

FINANCIAL POSITION

Cash flows from operating activities (before net change in non-cash working capital balances) reached \$224.5 million or \$3.98 diluted per share, compared with \$183.0 million or \$3.24 diluted per share for 2021, an increase of 22.7% stemming primarily from an increase in net earnings. Net change in non-cash working capital balances used cash flows of \$260.7 million, mainly representing changes in inventory of \$240.5 million whereas accounts receivable, accounts payable and other items used cash flows of \$20.2 million. Consequently, operating activities used cash flows of \$36.2 million compared with a cash inflow of \$104.4 million for 2021.

Financing activities used cash flows of \$66.6 million, compared with \$53.7 million for 2021. During the year, Richelieu repaid long-term debt of \$5.2 million, paid lease obligations of \$25.9 million and issued shares for \$6.3 million, compared to a long-term debt repayment of \$6.4 million, lease obligations payments of \$19.4 million and a \$5.2 million share issue in 2021. Dividends paid to shareholders of the Corporation amounted to \$29.1 million compared to \$19.4 million up 50.1% over 2021. The Corporation also repurchased common shares for an amount of \$12.3 million compared with \$13.1 million in 2021.

Investing activities used cash flows of \$66.8 million, of which \$44.3 million for business acquisitions and \$22.6 million, mainly for equipment to maintain and improve operational efficiency including additions resulting from ongoing expansion projects.

Assets

Total assets amounted to \$1.3 billion as at November 30, 2022, compared with \$964.2 million as at November 30, 2021. **Current assets** increased by 38.2% or \$251.6 million from November 30, 2021. This increase stems from the addition of current assets following the business acquisitions made during the first quarter and from the rise in inventories resulting from the higher cost of products and easing of the supply chain challenges including the acceleration of delivery times, especially from Asia. **Non-current assets** increased by 22.3% mainly due to the business acquisitions.

Cash position and long-term debt

(in thousands of \$)

	2022	2021
As at November 30	\$	\$
Current portion of long-term debt	5,208	5,339
Long-term debt	859	1,100
Total debt	6,067	6,439
<i>Cash and cash equivalents and bank overdraft</i>	<i>(111,988)</i>	<i>58,707</i>

As at November 30, 2022, **bank overdraft**, net of cash and cash equivalent, amounted to \$112.0 million, compared with cash of \$58.7 million as at November 30, 2021, the Corporation had a **working capital** of \$562.5 million for a current ratio of 2.6 : 1, compared with \$456.4 million (3.3:1 ratio) and **the return on average shareholders' equity** was 22.7%.

As at November 30, 2022, the Corporation's **share capital** consisted of 55,784,790 common shares (55,841,119 shares as at November 30, 2021). In 2022, upon the exercise of stock options under the stock option plan, Richelieu issued 271,000 common shares at an average price of \$23.19 (263,925 in 2021 at an average price of \$19.54). In addition, 327,329 common shares were repurchased for cancellation for a cash consideration of \$12.3 million in 2022 (316,374 common shares for a cash consideration of \$13.1 million in 2021). The Corporation granted 276,000 stock options in fiscal 2022 (289,000 in 2021) and cancelled 17,125 (31,875 in 2021). Consequently, as at November 30, 2022, 1,679,000 stock options were outstanding (1,691,125 as at November 30, 2021).

Dividends

On January 19, 2023, the Board of Directors approved the payment of a quarterly dividend of \$0.15 per share to shareholders of record as at February 2, 2023, payable on February 16, 2023. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT NOVEMBER 30, 2022

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 100,000 customers who are served by 107 centres in North America – 48 distribution centres 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 edgebanding 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), 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 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.

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 19, 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 January 19, 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 January 19, 2023 until midnight on January 26, 2023, by dialing **1-888-259-6562**, **access code: 635654 #**. 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

	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	21,220	58,707
Accounts receivable	222,238	199,585
Inventories	660,242	395,464
Prepaid expenses	7,071	5,423
	<u>910,771</u>	<u>659,179</u>
Non-current assets		
Property, plant and equipment	54,832	46,239
Intangible assets	66,603	53,910
Right-of-use assets	116,204	87,013
Goodwill	127,457	110,776
Deferred taxes	7,998	7,063
	<u>1,283,865</u>	<u>964,180</u>
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	133,208	—
Accounts payable and accrued liabilities	169,913	155,009
Income taxes payable	10,749	21,281
Current portion of long-term debt	5,208	5,339
Current portion of lease obligations	29,145	21,174
	<u>348,223</u>	<u>202,803</u>
Non-current liabilities		
Long-term debt	859	1,100
Lease obligations	95,705	71,880
Deferred taxes	10,052	9,868
Other liabilities	9,204	9,592
	<u>464,043</u>	<u>295,243</u>
Equity		
Share capital	61,829	54,610
Contributed surplus	8,400	7,046
Retained earnings	719,185	590,522
Accumulated other comprehensive income	27,743	14,264
Equity attributable to shareholders of the Corporation	<u>817,157</u>	<u>666,442</u>
Non-controlling interests	2,665	2,495
	<u>819,822</u>	<u>668,937</u>
	<u>1,283,865</u>	<u>964,180</u>

CONSOLIDATED STATEMENTS OF EARNINGS

[In thousands of dollars, except earnings per share]

Years ended November 30

	2022	2021
	\$	\$
Sales	1,802,787	1,440,416
Operating expenses excluding amortization	1,515,345	1,206,018
Earnings before amortization, financial costs and income taxes	287,442	234,398
Amortization of property, plant and equipment and right-of-use assets	38,010	29,059
Amortization of intangible assets	10,636	7,898
Financial costs, net	7,144	2,700
	55,790	39,657
Earnings before income taxes	231,652	194,741
Income taxes	61,703	52,410
Net earnings	169,949	142,331
Net earnings attributable to:		
Shareholders of the Corporation	168,390	141,764
Non-controlling interests	1,559	567
	169,949	142,331
Net earnings per share attributable to shareholders of the Corporation		
Basic	3.01	2.54
Diluted	2.99	2.51

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars]

Years ended November 30

	2022	2021
	\$	\$
Net earnings	169,949	142,331
Other comprehensive income (loss) that will be reclassified to net earnings		
Exchange differences on translation of foreign operations	13,479	(1,220)
Comprehensive income	183,428	141,111
Comprehensive income attributable to:		
Shareholders of the Corporation	181,869	140,544
Non-controlling interests	1,559	567
	183,428	141,111

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]

Years ended November 30

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Net earnings	169,949	142,331
Items not affecting cash and cash equivalent		
Amortization of property, plant and equipment and right-of-use assets	38,010	29,059
Amortization of intangible assets	10,636	7,898
Deferred taxes	(594)	(1,216)
Share-based compensation expense	2,650	1,991
Financial costs	3,832	2,928
	<u>224,483</u>	<u>182,991</u>
Net change in non-cash working capital balances	<u>(260,652)</u>	<u>(78,585)</u>
	<u>(36,169)</u>	<u>104,406</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(5,152)	(6,424)
Dividends paid to Shareholders of the Corporation	(29,083)	(19,374)
Payment of lease obligations	(25,908)	(19,446)
Other dividends paid	(493)	(511)
Common shares issued	6,284	5,158
Common shares repurchased for cancellation	(12,289)	(13,094)
	<u>(66,641)</u>	<u>(53,691)</u>
INVESTING ACTIVITIES		
Business acquisitions	(44,255)	(49,436)
Additions to property, plant and equipment and intangible assets	(22,578)	(17,054)
	<u>(66,833)</u>	<u>(66,490)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,052)</u>	554
Net change in cash and cash equivalents	(170,695)	(15,221)
Cash and cash equivalents, beginning of year	<u>58,707</u>	<u>73,928</u>
Cash and cash equivalents and bank overdraft, end of year	(111,988)	58,707