PRESS RELEASE
FOR IMMEDIATE RELEASE

RICHELIEU RECORDED SOLID RESULTS FOR THE FOURTH QUARTER OF 2023

6 acquisitions completed during financial year and 2 subsequently

Highlights for Q4 ended November 30, 2023

- **Sales** of $453.6M.
- **EBITDA** of $58.8M - EBITDA margin of 13.0%.
- **Net earnings attributable to shareholders** of $28.5M, or $0.51 per diluted share.
- **Cash flows from operating activities** of $72.7M.

2023 financial year

- **Sales** of $1.8B.
- **EBITDA** of $230.4M - EBITDA margin of 12.9%.
- **Net earnings attributable to shareholders** of $111.5 M, or $1.98 per diluted share.
- **Cash flows from operating activities** of $270.7M.
- **Sound financial position** as at November 30, 2023, with a **working capital** of $621.8M (ratio 3.7 : 1).

Subsequent to November 30, 2023: closing of two new acquisitions, one in Ontario and one in Ohio.

Montreal, January 18, 2024 – "Richelieu posted solid results in the fourth quarter with sales of $453.6 million, down slightly by 0.8%, substantially comparable to those of the corresponding quarter of 2022, which posted a 15% increase in a market favorably impacted by the pandemic. Our performance attests to the strength and expertise of our team, our ability to differentiate ourselves through outstanding customer service, and to make growth-enhancing acquisitions while pursuing innovation for our customers. For the 12 months of 2023, we are satisfied with our sales of $1.8 billion, in line with those of 2022. Despite the return to pre-pandemic levels of certain operating expenses and charges related to major expansion projects in our network, we achieved good net earnings and our financial position remains solid. The six acquisitions closed in 2023 added to the four completed in 2022 represent additional annual sales of $152 million. Richelieu is solidly positioned to pursue its strategies and create further value by building on its solid financial position," mentioned Richard Lord, President and Chief Executive Officer.

ACQUISITIONS

Richelieu is currently integrating the acquisitions closed in 2023, namely Unigrav, Usimm, Quincaillerie Rabel (QC), Trans-World Distributing (NS), Maverick Hardware (OR) and Westlund Distributing (MN). Subsequent to November 30, 2023, two new acquisitions were completed: Olympic Forest, a distributor of specialized lumber and panel products operating a distribution centre in Erin, Ontario, and Rapid Start, a specialty hardware distributor with a distribution centre in Rittman, Ohio. These two recent transactions will add approximately $18 million in annual sales.

EXPANSION AND CONSOLIDATION PROJECTS

In order to continue to seize market growth opportunities and optimize our operations and customer service, Richelieu has undertaken several expansion projects over the past two years. Expansion and modernization projects for centres in the Atlanta, Nashville, Fort Myers, Pompano and Seattle regions have been completed. The brand-new Chicago centre serving the retail market is fully operational, as are the two new centres in the Minneapolis and Carlstadt regions. In December 2023, the Calgary expansion project was implemented with the refitting of two centres into a single 250,000 sq. ft. building.

ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED NOVEMBER 30, 2023, COMPARED WITH THE YEAR ENDED NOVEMBER 30, 2022

Sales

The following table provides an overview of Richelieu's **sales** in its two main markets for the years ended November 30, 2023 and 2022 :

(in millions of dollars except exchange rates)			Δ %		
	2023	2022	**Total**	**Internal**	**Acquisitio**
Consolidated	**1,787.8**	1,802.8	(0.8)	(2.6)	1.8
Manufacturers	**1,539.6**	1,552.0	(0.8)	(2.9)	2.1
Retailers	**248.2**	250.8	(1.0)	(1.1)	0.1
Canada	**1,048.1**	1,074.7	(2.5)	(4.4)	1.9
Manufacturers	**855.7**	876.6	(2.4)	(4.7)	2.3
Retailers	**192.4**	198.1	(2.9)	(2.9)	—
United States $US	**547.5**	562.5	(2.7)	(4.4)	1.7
Manufacturers	**506.2**	521.7	(3.0)	(4.8)	1.8
Retailers	**41.3**	40.8	1.2	1.2	—
United States $CA	**739.7**	728.1	1.6		
Average exchange rates	***1.351***	*1.294*			

Consolidated sales reached $1.8 billion, a decrease of $15.0 million or 0.8% over last year, of which 1.8% from acquisitions and 2.6% from internal decrease. In comparable currency to the corresponding period of 2022, the decrease in consolidated sales for the year ended November 30, 2023, would have been 2.6%.

(in millions of dollars, except per share data)	Years ended November 30,		
	2023	2022	Δ %
Sales	**1,787.8**	1,802.8	(0.8)
Operating expenses excluding amortization	**1,557.4**	1,515.3	2.8
EBITDA	**230.4**	287.4	(19.8)
EBITDA margin (%)	***12.9 %***	***15.9 %***	
Amortization of property, plant and equipment and right-of-use assets	**50.1**	38.0	31.7
Amortization of intangible assets	**10.9**	10.6	2.1
Net financial costs	**13.3**	7.1	85.9
	74.2	55.8	33.0
Earnings before income taxes	**156.2**	231.7	(32.6)
Income taxes	**42.4**	61.7	(31.3)
Net earnings	**113.8**	169.9	(33.0)
Net earnings attributable to:			
Shareholders of the Corporation	**111.5**	168.4	(33.8)
Non-controlling interests	**2.4**	1.6	50.9
Net earnings per share attributable to shareholders of the Corporation			
Basic	**2.00**	3.01	(33.6)
Diluted	**1.98**	2.99	(33.8)

Earnings before interest, income taxes and amortization (EBITDA) totalled $230.4 million, down by $57.0 million or 19.8% over 2022. This can be explained by the increase in operating costs including external warehousing resulting from the temporary increase in inventories, in expenses specific to major expansion projects undertaken during the 2023 financial year and by the effect of the increase in the US foreign exchange rate compared to the CA$ currency on the translation of the operating expenses in US currency. The gross margin is also slightly down, therefore **EBITDA margin** stood at 12.9%, compared with 15.9% for 2022.

Amortization expenses amounted to $60.9 million compared with $48.6 million for 2022, an increase of $12.3 million, 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 were $13.3 million compared to $7.1 million, an increase of $6.1 million resulting mainly from the use of lines of credit and the increase in lease obligations. **Income taxes** amounted to $42.4 million, a decrease of $19.3 million over 2022.

Net earnings were down 33.0%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled $111.5 million, a decrease of 33.8% compared to 2022. **Net earnings per share** amounted to $2.00 basic and $1.98 diluted, compared with $3.01 basic and $2.99 diluted for 2022, a decrease of 33.6% and 33.8% respectively.

FOURTH QUARTER ENDED NOVEMBER 30, 2023

Sales

The following table provides an overview of Richelieu's **sales** in its two main markets for the quarters ended November 30, 2023 and 2022 :

(in millions of dollars except exchange rates)			Δ %		
	2023	2022	**Total**	**Internal**	**Acquisitions**
Consolidated	**453.7**	457.5	(0.8)	(2.2)	1.4
Manufacturers	**393.1**	397.7	(1.2)	(2.8)	1.6
Retailers	**60.6**	59.8	1.3	1.4	(0.1)
Canada	**267.5**	273.5	(2.2)	(4.0)	1.8
Manufacturers	**220.3**	226.0	(2.5)	(4.7)	2.2
Retailers	**47.2**	47.5	(0.6)	(0.8)	0.2
United States $US	**136.3**	136.4	(0.1)	(0.9)	0.8
Manufacturers	**126.4**	127.3	(0.7)	(1.6)	0.9
Retailers	**9.9**	9.1	8.8	8.8	—
United States $CA	**186.2**	184.0	1.2		
Average exchange rates	***1.366***	*1.349*			

Fourth-quarter consolidated sales amounted to $453.6 million, compared with $457.5 million for the corresponding quarter of 2022, a decrease of $3.8 million or 0.8%, of which 2.2% resulting from internal decrease and partially offset by 1.4% growth from acquisitions. At comparable exchange rates to the fourth quarter of 2022, the consolidated sales decrease would have been 1.3% for the quarter ended November 30, 2023.

Earnings before interest, income taxes and amortization (EBITDA) amounted to $58.8 million compared with $76.7 million in the fourth quarter of 2022, down 23.3%. The gross margin reduced compared to the previous year and **EBITDA margin** stood at 13.0%, compared with 16.8% for the fourth quarter of 2022, influenced by the return to pre-pandemic levels of certain operating expenses as well as to expenses specific to major expansion projects undertaken during the quarter.

Amortization expenses amounted to $16.4 million compared with $13.1 million for the corresponding quarter of 2022, an increase of $3.3 million. **Net financial costs** are down $0.6 million mainly due to the significant reduction in line of credit balances. **Income taxes** amounted to $10.8 million compared with $15.0 million for the fourth quarter of 2022.

Net earnings were $29.4 million, down by 35.7% over the corresponding quarter of 2022. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to $28.5 million, down by 36.5% over the fourth quarter of 2022. **Net earnings per share** were $0.51 basic and diluted, compared with $0.80 basic and diluted for the fourth quarter of 2022.

Cash flows from operating activities (before net change in non-cash working capital balances) amounted to $49.3 million or $0.88 per share, compared with $62.2 million or $1.11 per share for the fourth quarter of 2022, a decrease of 20.7% resulting primarily from net earnings decrease. Net change in non-cash working capital balances represented a cash inflow of $23.3 million, reflecting the change in inventory and accounts receivable of $25.3 million, whereas the change in accounts payable and other items used cash flows of $1.9 million. Consequently, operating activities provided cash flows of $72.7 million, compared with $3.6 million for the fourth quarter of 2022.

Financing activities used cash flows of $14.3 million, compared with $21.6 million for the fourth quarter of 2022. This change primarily resulted from $4.7 million of issued shares in the fourth quarter compared to $0.2 million in the corresponding quarter, and common shares repurchases of $4.4 million for the fourth quarter of 2022 while no share repurchases were made in the fourth quarter of 2023.

Investing activities used cash flows of $19.2 million in the fourth quarter mainly for the purchase of a building housing USIMM/UNIGRAV operations in addition to adding storage space, as well as for the acquisition of various tangible assets related to expansion and construction projects as well as for the purchase of equipment to maintain and improve operational efficiency.

FINANCIAL POSITION

Analysis of significant cash flows

(in millions of dollars)	Years closed on November 30,	
	2023	2022
Cash flows provided by (used in):		
Operating activities	**270.7**	(32.9)
Financing activities	**(72.4)**	(70.0)
Investing activities	**(61.8)**	(66.8)
Effect of exchange rate changes on cash and cash equivalents	**(0.8)**	(1.1
Net change in cash and cash equivalents (bank overdraft)	**135.**	(170.7)
Net cash and cash equivalents (net bank overdraft), beginning of period	**(112.0)**	58.7
Net cash and cash equivalents (net bank overdraft), end of period	**23.7**	(112.0)

Reconciliation of cash flow from operating activities to adjusted cash flow from operating activities :

(in millions of dollars)	Years closed on November 30,	
	2023	2022
Cash flow from operating activities	**270.7**	(32.9)
Net change in non-cash working capital balances (inflow)	**(80.2)**	260.7
Adjusted cash flows from operating activities	**190.5**	227.8

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) reached $190.5 million or $3.39 diluted per share, compared with $227.8 million or $4.04 diluted per share for 2022, a decrease of 16.4% mainly reflecting the net earnings decrease. Net change in non-cash working capital balances represented a cash inflow of $80.2 million, mainly representing changes in inventory of $97.1 million whereas accounts receivable, payable and other items used cash flows of $16.9 million. Consequently, operating activities generated a cash inflow of $270.7 million compared to a cash outflow of $32.9 million for 2022.

Financing activities

Financing activities used cash flows of $72.4 million, compared with $70.0 million for 2022. During the year, Richelieu repaid long-term debt of $5.3 million, paid lease obligations of $34.1 million and issued shares for $8.6 million, compared to a long-term debt repayment of $5.2 million, lease obligations payments of $25.9 million and a $6.3 million share issue in 2022. Dividends paid to shareholders of the Corporation amounted to $33.5 million compared to $29.1 million up 15.3% over 2022. The Corporation also repurchased common shares for an amount of $0.8 million compared with $12.3 million in 2022.

Investing activities

Investing activities used cash flows of $61.8 million, of which $19.7 million for the six business acquisitions completed in fiscal 2023 and $42.1 million, mainly for equipment to maintain and improve operational efficiency including additions resulting from expansion projects and for the purchase of a building in Drummondville.

Analysis of financial position

(in millions of dollars, except exchange rates)	**2023**	2022	Δ %
Current assets	**859.5**	910.8	(5.6)
Non-current assets	**455.5**	373.1	22.1
Total	**1,315.**	1,283.9	2.4
Current liabilities	**237.7**	348.2	(31.7)
Non-current liabilities	**169.**	115.	46.0
Equity attributable to shareholders of the Corporation	**904.9**	817.2	10.7
Non-controlling interests	**3.3**	2.7	22.5
Total	**1,315.**	1,283.9	2.4
Exchange rates on translation of subsidiaries in the United States	***1.358***	*1.351*	

Assets

Total assets amounted to $1.3 billion as at November 30, 2023, an increase of 2.4 %. **Current assets** were down by 5.6% or $51.3 million from November 30, 2022, mainly resulting from the decrease in inventories. **Non-current assets** increased by 22.1% mainly due to the addition of right-of-use assets and property, plant and equipment related to lease renewals and expansion projects.

Cash position and long-term debt

(in millions of dollars)	**2023**	2022
Current portion of long-term debt	**2.9**	5.2
Long-term debt	**2.4**	0.9
Total debt	**5.3**	6.1
Net cash and cash equivalents (net bank overdraft)	**23.7**	(112.0)

Shareholders' equity and share capital

Equity attributable to shareholders of the Corporation totalled $904.9 million as at November 30, 2023, compared with $817.2 million as at November 30, 2022, an increase of $87.7 million. This increase is mainly due to a rise of $75.8 million in retained earnings, which amounted to $795.0 million, and of $11.1 million in share capital and contributed surplus, while accumulated other comprehensive income increased by $0.9 million. As at November 30, 2023, **the book value per share** was $16.13, up by 10.1% over November 30, 2022, and **the return on average shareholders' equity** was 12.9%.

As at November 30, 2023, the Corporation's **share capita**l consisted of 56,088,365 common shares (55,784,790 shares as at November 30, 2022). In 2023, upon the exercise of stock options under the stock option plan, Richelieu issued 323,575 common shares at an average price of $26.43 (271,000 in 2022 at an average price of $23.19). The Corporation granted 306,500 stock options in fiscal 2023 (276,000 in 2022) and cancelled 41,000 (17,125 in 2022). Consequently, as at November 30, 2023, 1,620,925 stock options were outstanding (1,679,000 as at November 30, 2022).

DIVIDENDS

On January 18, 2024, the Board of Directors approved the payment of a quarterly dividend of $0.15 per share to shareholders of record as at February 1, 2024, payable on February 15, 2024. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

MAIN TRADEMARKS

PROFILE AS AT NOVEMBER 30, 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 112 centres in North America – 50 distribution centres in Canada, 59 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 net 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.

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JANUARY 18, 2024 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 18, 2024, 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 18, 2024 until midnight on January 25, 2024, by dialing **1-888-259-6562, access code: 153396 #.** Members of the media are invited to listen in.

Photos are available on www.richelieu.com