Richelieu

Interim Report

Three-month period
ended February 29, 2016

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Message to Shareholders

The quarter ended February 29, 2016 was highlighted by strong sales growth of 18.6%, including 16.8% from internal growth, thanks to the contribution of all our market segments in Canada and the United States. At comparable exchange rates to the first quarter of 2015, the sales increase would have been 12.9%, which is more than satisfactory growth for a first quarter, historically the weakest period of the year. Net earnings attributable to shareholders totalled $10.8 million, compared with $10.2 million for the corresponding quarter of 2015, an increase of 6.3%.

In the manufacturers market, our total sales grew by 19.3%, thanks to solid growth of 11.8% in Canada and 15.1% in US$ in the United States (32.7% in CA$), whereas our total sales to retailers and renovation superstores were up by 14.7%.

As announced last January, during the quarter we closed a second acquisition in the important Texas market, specifically Cornerstone Hardware & Supplies, a Houston specialty hardware distributor which serves a base of kitchen cabinet manufacturers and residential and commercial woodworkers. It is our nineteenth acquisition in the United States since we first entered this market, where we continue to target opportunities. Just recently, we signed an agreement in principle, subject to certain conditions, to acquire another specialty hardware distributor in the United States.

During the quarter, we repurchased 648,000 shares under a normal course issuer bid for a consideration of $14.1 million and paid shareholder dividends of $3.1 million, for a total of $17.2 million. We closed the period with a healthy and solid financial position, almost no debt and a working capital of $250.3 million for a current ratio of 4.3:1.

We are pursuing our growth strategy in North America, remaining innovation-oriented and focused on top-quality service, dynamic, well-targeted market development and new acquisitions.

COMMON SHARE SPLIT EFFECTIVE FEBRUARY 29, 2016 — NEXT DIVIDEND PAYMENT

The three-for-one split of all common shares, approved by the Board of Directors on January 21, 2016, became effective February 29, 2016. This share split will be reflected in the next dividend payments. The quarterly dividend payable on May 5, 2016 to shareholders of record as at April 21, 2016 will be 5.33 ¢ per share, as approved by the Board of Directors on April 7, 2016.

This management's report relates to Richelieu Hardware Ltd.'s consolidated operating results and cash flows for the first quarter ended February 29, 2016 in comparison with the first quarter ended February 28, 2015, as well as the Corporation's financial position at those dates. This report should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the first quarter of 2016 as well as the analysis and notes to the audited consolidated financial statements appearing in the 2015 Annual Report. In this management's report, "Richelieu" or the "Corporation" designates, as the case may be, Richelieu Hardware Ltd. and its subsidiaries and divisions, or one of its subsidiaries or divisions. Supplementary information, including certificates for the interim period ended February 29, 2016 signed by the Corporation's President and Chief Executive Officer and the Vice-President and Chief Financial Officer, is available on the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The information contained in this management's report accounts for any major event occurring prior to April 7, 2016, on which date the unaudited interim consolidated financial statements and interim management's report were approved by the Corporation's Board of Directors. Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the first quarter ended February 29, 2016 have not been audited or reviewed by the Corporation's auditors.

NON-IFRS MEASURES

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 widely accepted financial indicator of a corporation's ability to service and incur debt. However, EBITDA should not be considered by an investor as an alternative to operating income or the net earnings attributable to shareholders of the Corporation, as an indicator of financial performance or cash flows, or as a measure of liquidities. 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 cash flows from operating activities and cash flows from operating activities per share. Cash flows from operating activities are based on net earnings plus amortization of property, plant and equipment and intangible 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, cash flows from operating activities may not be comparable to the cash flows from operating activities of other companies.

FORWARD-LOOKING STATEMENTS

Certain statements set forth in this management's report, including statements relating to the expected sufficiency of cash flows to cover contractual commitments, to maintain growth and to provide for financing and investing activities, growth outlook, Richelieu's competitive position in its industry, Richelieu's ability to weather the current economic context and access other external financing, the closing of new acquisitions, and other statements not pertaining to past events, constitute forward-looking statements. In some cases, these statements are identified by the use of terms such as "may", "could", "might", "intend" "should", "expect", "project", "plan", "believe", "estimate" or the negative form of these expressions or other comparable variants. These statements are based on the information available at the time they are written, on assumptions made by management and on the expectations of management, acting in good faith, regarding future events, including the assumption that economic conditions and exchange rates will not significantly deteriorate, the Corporation's deliveries will be sufficient to fulfill Richelieu's needs, the availability of credit will remain stable during the year and no extraordinary events will require supplementary capital expenditures.

Although management believes these assumptions and expectations to be reasonable based on the information available at the time they are written, they could prove inaccurate. Forward-looking statements are also subject, by their very nature, to known and unknown risks and uncertainties such as those related to the industry, acquisitions, labour relations, credit, key officers, supply and product liability, as well as other factors set forth in the Corporation's 2015 Annual Report (see the "Risk Factors" section on page 33 of the 2015 Annual Report available on SEDAR at www.sedar.com).

Richelieu's actual results could differ materially from those indicated or underlying these forward-looking statements. The reader is therefore recommended not to unduly rely on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items, any business combination or any other transaction that may be announced or occur subsequent to the date hereof. Richelieu undertakes no obligation to update or revise the forward-looking statements to account for new events or new circumstances, except where provided for by applicable legislation.

GENERAL BUSINESS OVERVIEW
as at February 29, 2016

Richelieu is a leading North American importer, distributor and manufacturer of specialty hardware and related 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, and hardware retailers including renovation superstores. The residential and commercial renovation industry is the Corporation's major source of growth.

Richelieu offers customers a broad mix of products sourced from manufacturers worldwide. The solid relationships the Corporation has built with the world's leading suppliers enable it to provide customers with the latest innovative products tailored to their business needs. Richelieu's product selection consists of over 110,000 different items targeted to a base of more than 70,000 customers who are served by 66 centres in North America – 36 distribution centres in Canada, 28 in the United States and two manufacturing plants in Canada.

Main product categories include furniture, glass and building decorative and functional hardware, lighting systems, finishing and decorating products, ergonomic workstation components, kitchen and closet storage solutions, sliding door systems, decorative and functional panels, high-pressure laminates and floor protection products. This offering is completed by the Corporation's two subsidiaries, Les Industries Cedan inc. and Menuiserie des Pins Ltée, which manufacture a variety of veneer sheets and edgebanding products as well as a broad selection of decorative mouldings and components for the window and door industry. In addition, many of the Corporation's products are manufactured according to its specifications and those of its customers.

The Corporation employs over 1,900 people at its head office and throughout the network, close to half of whom work in marketing, sales and customer service. More than 50% of its employees are Richelieu shareholders.

MISSION AND STRATEGY

Richelieu's mission is to create shareholder value and contribute to its customers' growth and success, while favouring a business culture focused on quality of service and results, partnership and entrepreneurship.

To sustain its growth and remain the leader in its specialty market, the Corporation continues to implement the strategy that has benefited it until now, with a focus on:

- continuing to strengthen its product selection by annually introducing diversified products that meet its market segment needs and position it as the specialist in functional and decorative hardware for manufacturers and retailers;
- further developing its current markets in Canada and the United States with the support of a specialized sales and marketing force capable of providing customers with personalized service; and
- expanding in North America through the opening of distribution centres and through efficiently integrated, profitable acquisitions made at the right price, offering high growth potential and complementary to its product mix and expertise.

Richelieu's solid and efficient organization, highly diversified product selection and long-term relationships with leading suppliers worldwide position it to compete effectively in a fragmented market consisting mainly of a host of regional distributors who distribute a limited range of products.

SELECTED CONSOLIDATED QUARTERLY INFORMATION
(unaudited)

Quarters ended February 29 and 28

(in thousands of $, except per-share amounts, number of shares and data expressed as a %)	**2016 $**	2015 $	Δ %
Sales	**188,909**	159,319	+ 18.6
EBITDA (1)	**16,710**	15,706	+ 6.4
EBITDA margin (%)	***8.8***	*9.9*	
Net earnings	**10,843**	10,184	+ 6.5
Net earnings attributable to shareholders of the Corporation	**10,861**	10,216	+ 6.3
■ basic per share ($) (3)	**0.19**	0.17	+ 11.8
■ diluted per share ($) (3)	**0.18**	0.17	+ 5.9
Net margin attributable to shareholders of the Corporation (%)	***5.7***	*6.4*	
Cash flows from operating activities (2)	**13,372**	12,450	+ 7.4
■ diluted per share ($) (3)	**0.23**	0.21	+ 9.5
Cash dividends paid to shareholders of the parent Corporation	**3,118**	2,939	+ 6.1
■ per share ($) (3)	**0.0533**	0.0500	+ 6.6
Weighted average number of shares outstanding (diluted) (in thousands) (3)	**59,265**	59,646	

Financial position data

As at	**February 29, 2016 $**	November 30, 2015 $	Δ %
Total assets	**444,471**	449,792	– 1.2
Working capital	**250,302**	260,579	– 3.9
Current ratio	***4.3:1***	*4.4:1*	
Equity attributable to shareholders of the Corporation	**357,967**	362,885	– 1.4
Return on average equity (%)	**17.4**	17.5	
Book value ($)	**6.17**	6.19	– 0.3
Total debt	**3,332**	3,580	– 6.9
Cash and cash equivalents (bank overdraft)	**(1,834)**	29,454	

(1) EBITDA is a non-IFRS measure, as indicated on page 2 of this report.

(2) Cash flows from operating activities and cash flows from operating activities per share are non-IFRS measures, as indicated on page 2 of this report.

(3) The Corporation has completed a three-for-one split of all common shares. This share split became effective February 29, 2016. Consequently, all information pertaining to shares in this report reflects the impact thereof.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 29, 2016 COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2015

For the quarter ended February 29, 2016, consolidated sales reached $188.9 million, compared with $159.3 million for the first quarter of 2015, an increase of 18.6%, of which 16.8% from internal growth and 1.8% from acquisitions. At comparable exchange rates to the first quarter of 2015, the consolidated sales growth would have been 12.9% for the quarter ended February 29, 2016.

Sales to **manufacturers** amounted to $159.0 million, compared with $133.2 million for the first quarter of 2015. All market segments contributed to this 19.4% increase, of which 17.3% from internal growth. In the hardware **retailers** and renovation superstores market, the Corporation recorded sales of $29.9 million, compared with $26.1 million for the first quarter of 2015, an increase of 14.6% from internal growth.

Consolidated sales
(in thousands of $)

Quarters ended February 29 and 28	2016 $	2015 $	Δ %
Canada	**120,408**	107,711	+ 11.8
United States (CA$)	**68,501**	51,608	+ 32.7
(US$)	**49,266**	42,804	+ 15.1
Average exchange rate	***1.3904***	*1.2057*	
Consolidated sales	**188,909**	159,319	+ 18.6

In Canada, sales totalled $120.4 million for the first quarter of 2016, reflecting internal growth of 11.8%. Sales to **manufacturers** amounted to $94.6 million, compared with $85.1 million for the first quarter of 2015, representing internal growth of 11.2%. In the **retailers** and renovation superstores market, the Corporation recorded sales of $25.8 million, up by 14.2% over the first quarter of 2015. The internal growth resulted mainly from market development efforts and, to a lesser extent, the increase in selling prices to mitigate the impact of the rise in the U.S. dollar and the Euro.

In the United States, sales amounted to US$49.3 million, an increase of 15.1% over the first quarter of 2015, of which 10.3% from internal growth and 4.8% from acquisitions. Sales to **manufacturers** grew to US$46.3 million, compared with US$39.8 million for the first quarter of 2015, an increase of 16.3%, of which 11.2% from internal growth and 5.1% from acquisitions. In the **retailers** and renovation superstores market, sales in US$ were up by 1.0% over the first quarter of 2015. Considering exchange rates, total U.S. sales expressed in Canadian dollars amounted to $68.5 million, compared with $51.6 million for the first quarter of 2015, an increase of 32.7%. They accounted for 36.3% of the period's consolidated sales, whereas for the first quarter of 2015, U.S. sales had represented 32.4% of consolidated sales.

Consolidated EBITDA and EBITDA margin
(in thousands of $, unless otherwise indicated)

Quarters ended February 29 and 28	2016 $	2015 $	Δ %
Sales	**188,909**	159,319	+ 18.6
EBITDA	**16,710**	15,706	+ 6.4
EBITDA margin (%)	***8.8***	*9.9*	

Earnings before income taxes, interest and (EBITDA) reached $16.7 million, up by 6.4% over the corresponding quarter of 2015. The **gross margin** and the **EBITDA margin** declined due mainly to the appreciation of the U.S. dollar and the Euro which had an upward impact on the purchasing cost of certain products, the higher proportion of sales in the United States where the product mix is different and the lower margins of certain acquisitions also having a different product mix. Consequently, the **EBITDA margin** stood at 8.8%, compared with 9.9% for the corresponding quarter of 2015.

Consolidated net earnings
(in thousands of $, unless otherwise indicated)

Quarters ended February 29 and 28	2016 $	2015 $	Δ %
EBITDA	**16,710**	15,706	+ 6.4
Amortization of property, plant and equipment and intangible assets	**2,307**	1,985	+ 16.2
Financial costs, net	**(24)**	(84)	
Income taxes	**3,584**	3,621	
Net earnings	**10,843**	10,184	+ 6.5
Net earnings attributable to shareholders of the Corporation	**10,861**	10,216	+ 6.3
Net margin attributable to shareholders of the Corporation (%)	***5.7***	*6.4*	
Non-controlling interests	**(18)**	(32)	
Net earnings	**10,843**	10,184	+ 6.5

Net earnings grew by 6.5%. Considering non-controlling interests, **net earnings attributable to shareholders** totalled $10.9 million, up by 6.3% over the first quarter of 2015. **Net earnings per share** amounted to $0.19 basic and $0.18 diluted, compared with $0.17 (basic and diluted) for the first quarter of 2015, an increase of 11.8% and 5.9% respectively.

Comprehensive income stood at $11.9 million, considering a positive adjustment of $1.1 million on translation of the financial statements of the subsidiary in the United States, compared with $16.8 million for the first quarter of 2015, considering a positive adjustment of $6.6 million on translation of the financial statements of the subsidiary in the United States.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

(in thousands of $, except per-share amounts)

Quarters	**1**	**2**	**3**	**4**
2016				
Sales	**188,909**			
EBITDA	**16,710**			
Net earnings attributable to shareholders of the Corporation	**10,861**			
basic per share	**0.19**			
diluted per share	**0.18**			
2015				
Sales	159,319	190,801	199,457	200,069
EBITDA	15,706	21,878	24,394	25,703
Net earnings attributable to shareholders of the Corporation	10,216	14,653	16,340	17,530
basic per share	0.17	0.25	0.28	0.30
diluted per share	0.17	0.25	0.28	0.30
2014				
Sales	136,108	165,155	167,809	177,837
EBITDA	13,704	19,185	21,054	23,474
Net earnings attributable to shareholders of the Corporation	8,859	13,036	14,554	15,944
basic per share	0.15	0.22	0.25	0.27
diluted per share	0.15	0.22	0.24	0.27

Quarterly variations in earnings – The first quarter closed at the end of February is generally the year's weakest for Richelieu in light of the smaller number of business days due to the end-of-year holiday period and a wintertime slowdown in renovation and construction work. The third quarter ending August 31 also includes a smaller number of business days due to the summer holidays, which can be reflected in the period's financial results. The second and fourth quarters respectively ending May 31 and November 30 generally represent the year's most active periods.

FINANCIAL POSITION

Analysis of principal cash flows for the first quarter ended February 29, 2016

Changes in cash and cash equivalents and capital resources

(in thousands of $)

Quarters ended February 29 and 28	**2016 $**	2015 $
Cash flows provided by (used for):		
Operating activities	**(6,341)**	(12,425)
Financing activities	**(17,319)**	(3,478)
Investing activities	**(7,554)**	(1,865)
Effect of exchange rate fluctuations	**(74)**	(278)
Net change in cash and cash equivalents	**(31,288)**	(18,046)
Cash and cash equivalents, beginning of period	**29,454**	33,721
Cash and cash equivalents (bank overdraft), end of period	**(1,834)**	15,675
Working capital	**250,302**	226,419
Renewable line of credit (CA$)	**26,000**	26,000
Renewable line of credit (US$)	**6,000**	6,000

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) amounted to $13.4 million or $0.23 diluted per share, compared with $12.5 million or $0.21 diluted per share for the first quarter of 2015, an increase of 7.4% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of $19.7 million, representing the change in inventories ($15.1 million) which increased in anticipation of the busier second-quarter period, as well as the change in accounts payable and other items ($4.6 million). Consequently, operating activities used cash flows of $6.3 million, compared with $12.4 million for the first quarter of 2015.

Financing activities required a cash outflow of $17.3 million, compared with $3.5 million for the first quarter of 2015. During the quarter, the Corporation repurchased common shares for $14.1 million under its normal course issuer bid, compared with $0.4 million in the first quarter of 2015. It paid dividends of $3.1 million to shareholders of the parent Corporation, up by 6.1% over the first quarter of 2015, and issued common shares for $0.1 million upon the exercise of options under its stock option plan, compared with $0.6 million during the first quarter of 2015.

Investing activities represented a total cash outflow of $7.6 million during the first quarter of 2016, of which $4.3 million for the acquisition and $3.3 million for the expansion of some of our distribution centres, computer hardware and equipment to improve operational efficiency.

Sources of financing

As at February 29, 2016, the bank overdraft was $1.8 million, compared with cash of $29.5 million as at November 30, 2015. This change primarily reflects the inventory increase, the major share repurchase, the business acquisition and the investments in property, plant and equipment during the quarter. The Corporation posted a **working capital** of $250.3 million for a current ratio of 4.3:1, compared with $260.6 million (4:4:1 ratio) as at November 30, 2015.

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 planned for 2016. The Corporation continues to benefit from an authorized line of credit of CA$26 million as well as a line of credit of US$6 million renewable annually and bearing interest respectively at prime and base rates. In addition, Richelieu considers it could obtain access to other outside financing if necessary.

Analysis of financial position as at February 29, 2016

Summary financial position (in thousands of $) As at	**February 29, 2016 $**	November 30, 2015 $
Current assets	**326,695**	337,308
Non-current assets	**117,776**	112,484
Total	**444,471**	449,792
Current liabilities	**76,393**	76,729
Non-current liabilities	**6,268**	6,256
Equity attributable to shareholders of the Corporation	**357,967**	362,885
Non-controlling interests	**3,843**	3,922
Total	**444,471**	449,792
Exchange rate on translation of a subsidiary in the United States	***1.353***	*1.335*

Assets

Total assets amounted to $444.5 million as at February 29, 2016, compared with $449.8 million as at November 30, 2015, a decrease of 1.2%. **Current assets** were down by $10.6 million from November 30, 2015, considering the major share repurchase during the quarter.

Cash position (in thousands of $) As at	**February 29, 2016 $**	November 30, 2015 $
Current portion of long-term debt	**1,979**	2,245
Long-term debt	**1,353**	1,335
Total	**3,332**	3,580
Cash and cash equivalents (bank overdraft)	***(1,834)***	*29,454*

Total debt amounted to $3.3 million as at February 29, 2016, of which $2.0 million in short-term debt representing balances payable on acquisitions. Richelieu continues to benefit from a healthy and solid financial position to pursue its growth strategy. As at February 29, 2016, the Corporation was using $1.8 million of its available line of credit.

Equity attributable to shareholders of the Corporation totalled $358.0 million as at February 29, 2016, compared with $362.9 million as at November 30, 2015, a decrease of 1.4% mainly reflecting the decline of $5.9 million in retained earnings which totalled $303.0 million at the close of the first quarter, whereas accumulated other comprehensive income increased by $1.1 million. It should be noted that the first-quarter share repurchase resulted in a redemption premium of $13.7 million recorded against retained earnings. **The book value per share** was $6.17, compared with $6.19 as at November 30, 2015.

As at February 29, 2016, at the close of markets, the Corporation's share capital consisted of 58,012,107 common shares (58,643,607 shares as at November 30, 2015). During the first quarter, the Corporation issued 16,500 common shares at an average price of $8.71 (81,024 in 2015 at an average price of $7.44) upon the exercise of options under its stock option plan. Furthermore, the Corporation repurchased 648,000 common shares for cancellation for a cash consideration of $14.1 million, compared with a common share repurchase for an amount of $0.4 million during the first quarter of 2015. As at February 29, 2016, 1,562,145 stock options were outstanding (1,578,645 as at November 30, 2015).

CONTRACTUAL COMMITMENTS

There were no major changes in Richelieu's contractual commitments outside the normal course of business, compared with those set forth on page 32 of the Corporation's 2015 Annual Report, available on SEDAR at www.sedar.com. For 2016 and the foreseeable future, the Corporation expects cash flows from operating activities and other sources of financing to meet its ongoing contractual commitments.

FINANCIAL INSTRUMENTS

Richelieu periodically enters into forward exchange contracts to fully or partially hedge the effects of foreign currency fluctuations related to foreign-currency denominated payables or to hedge forecasted purchase transactions. The Corporation has a policy of not entering into derivatives for speculative or negotiation purposes and to enter into these contracts only with major financial institutions.

Richelieu also uses equity swaps to reduce the effect of fluctuations in its share price on net earnings in connection with its deferred share unit plan.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As indicated in the 2015 Annual Report, available on SEDAR at www.sedar.com, management has designed and evaluated internal controls over financial reporting (ICFR) and disclosure controls and procedures (DC&P) to provide reasonable assurance that the Corporation's financial reporting is reliable and that its publicly-disclosed financial statements are prepared in accordance with IFRS. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer have assessed, within the meaning of *National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*, the design and the effectiveness of internal controls over financial reporting as at November 30, 2015. In light of this assessment, they concluded that the design and the effectiveness of internal controls over financial reporting (ICFR and DC&P) were effective. During the quarter ended February 29, 2016, management ensured that there were no material changes in the Corporation's procedures that were reasonably likely to have a material impact on its internal control over financial reporting. No such changes were identified.

Due to their intrinsic limits, internal controls over financial reporting only provide reasonable assurance and may not prevent or detect misstatements. In addition, projections of an assessment of effectiveness in future periods carry the risk that controls will become inappropriate as a result of changes in conditions or if the degree of conformity with standards and methods should deteriorate.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's interim consolidated financial statements for the quarter ended February 29, 2016 have been prepared by management in accordance with IFRS. Note 2 accompanying the consolidated financial statements for the quarter ended February 29, 2016 presents the accounting policies recently released and applicable in the future.

The interim consolidated financial statements were prepared in accordance with the accounting methods that the Corporation adopted for the establishment of its consolidated financial statements as at November 30, 2015 and for the year ended on that date and require management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and appearing in the accompanying notes, which could be modified. The estimates are based on management's knowledge of current events, on the measures the Corporation could take in the future and on other factors deemed relevant and reasonable.

Risk factors are described in the "Risk Factors" section on page 33 of Richelieu's 2015 Annual Report, available on SEDAR at www.sedar.com.

SUPPLEMENTARY INFORMATION

Further information about Richelieu, including its latest Annual Information Form, is available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

(Signed) Richard Lord
President and
Chief Executive Officer

(Signed) Antoine Auclair
Vice-President and
Chief Financial Officer

April 7, 2016

Consolidated statements of financial position

(In thousands of dollars
(Unaudited)

	Notes	As at February 29, 2016 $	As at November 30, 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		–	29,454
Accounts receivable		**100,801**	99,975
Income taxes receivable		**479**	–
Inventories		**222,578**	206,449
Prepaid expenses		**2,837**	1,430
		326,695	337,308
Non-current assets			
Property, plant and equipment		**29,863**	27,963
Intangible assets		**23,085**	21,325
Goodwill		**59,853**	58,329
Deferred taxes		**4,975**	4,867
		444,471	449,792
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft		**1,834**	–
Accounts payable and accrued liabilities		**72,580**	71,787
Income taxes payable		–	2,697
Current portion of long-term debt		**1,979**	2,245
		76,393	76,729
Non-current liabilities			
Long-term debt		**1,353**	1,335
Deferred taxes		**3,020**	3,020
Other liabilities		**1,895**	1,901
		82,661	82,985
Equity			
Share capital	4	**33,380**	33,566
Contributed surplus		**1,382**	1,265
Retained earnings		**302,962**	308,904
Accumulated other comprehensive income	5	**20,243**	19,150
Equity attributable to shareholders of the Corporation		**357,967**	362,885
Non-controlling interests		**3,843**	3,922
		361,810	366,807
		444,471	449,792

See accompanying notes to the interim consolidated financial statements.

On behalf of the Board:

(Signed) Richard Lord
Director

(Signed) Mathieu Gauvin
Director

Consolidated statements of earnings

For the three-month periods ended February 29 and February 28 (in thousands of dollars, except earnings per share)
(Unaudited)

	Notes	2016 $	2015 $
Sales		**188,909**	159,319
Operating expenses excluding amortization and financial costs	6	**172,199**	143,613
Earnings before amortization, financial costs and income taxes		**16,710**	15,706
Amortization of property, plant and equipment		**1,580**	1,359
Amortization of intangible assets		**727**	626
Financial costs, net		**(24)**	(84)
		2,283	1,901
Earnings before income taxes		**14,427**	13,805
Income taxes		**3,584**	3,621
Net earnings		**10,843**	10,184
Net earnings attributable to:			
Shareholders of the Corporation		**10,861**	10,216
Non-controlling interests		**(18)**	(32)
		10,843	10,184
Net earnings per share attributable to shareholders of the Corporation			
Basic		**0.19**	0.17
Diluted		**0.18**	0.17

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of comprehensive income

For the three-month periods ended February 29 and February 28 (in thousands of dollars)
(Unaudited)

	Notes	2016 $	2015 $
Net earnings		**10,843**	10,184
Other comprehensive income that will be reclassified to net earnings			
Exchange differences on translation of foreign operations	5	**1,093**	6,621
Comprehensive income		**11,936**	16,805
Comprehensive income attributable to:			
Shareholders of the Corporation		**11,954**	16,837
Non-controlling interests		**(18)**	(32)
		11,936	16,805

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of changes in equity

For the three-month periods ended February 29, 2016 and February 28, 2015 (in thousands of dollars)
(Unaudited)

	Attributable to shareholders of the Corporation						
	Share capital $	Contibuted surplus $	Retained earnings $	Accumulated other comprehensive income $	Total $	Non-controlling interests $	Total equity $
Notes	4			5			
Balance as at November 30, 2014	29,762	1,576	270,826	6,985	309,149	4,404	313,553
Net earnings	–	–	10,216	–	10,216	(32)	10,184
Other comprehensive income	–	–	–	6,621	6,621	–	6,621
Comprehensive income	–	–	10,216	6,621	16,837	(32)	16,805
Shares repurchased	(12)	–	(433)	–	(445)	–	(445)
Stock options exercised	809	(207)	–	–	602	–	602
Share-based compensation expense	–	152	–	–	152	–	152
Dividends *(note 9)*	–	–	(2,939)	–	(2,939)	(596)	(3,535)
Other liabilities	–	–	–	–	–	3	3
	797	(55)	(3,372)	–	(2,630)	(593)	(3,223)
Balance as at February 28, 2015	30,559	1,521	277,670	13,606	323,356	3,779	327,135
Balance as at November 30, 2015	**33,566**	**1,265**	**308,904**	**19,150**	**362,885**	**3,922**	**366,807**
Net earnings	**–**	**–**	**10,861**	**–**	**10,861**	**(18)**	**10,843**
Other comprehensive income	**–**	**–**	**–**	**1,093**	**1,093**	**–**	**1,093**
Comprehensive income	**–**	**–**	**10,861**	**1,093**	**11,954**	**(18)**	**11,936**
Shares repurchased	**(371)**	**–**	**(13,685)**	**–**	**(14,056)**	**–**	**(14,056)**
Stock options exercised	**185**	**(42)**	**–**	**–**	**143**	**–**	**143**
Share-based compensation expense	**–**	**159**	**–**	**–**	**159**	**–**	**159**
Dividends *(note 9)*	**–**	**–**	**(3,118)**	**–**	**(3,118)**	**(67)**	**(3,185)**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**6**	**6**
	(186)	**117**	**(16,803)**	**–**	**(16,872)**	**(61)**	**(16,933)**
Balance as at February 29, 2016	**33,380**	**1,382**	**302,962**	**20,243**	**357,967**	**3,843**	**361,810**

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of cash flows

For the three-month periods ended February 28 and February 28 (in thousands of dollars)
(Unaudited)

	Notes	**2016** **$**	2015 $
OPERATING ACTIVITIES			
Net earnings		**10,843**	10,184
Items not affecting cash			
Amortization of property, plant and equipment		**1,580**	1,359
Amortization of intangible assets		**727**	626
Deferred taxes		**(69)**	–
Share-based compensation expense		**291**	281
		13,372	12,450
Net change in non-cash working capital balances		**(19,713)**	(24,875)
		(6,341)	(12,425)
FINANCING ACTIVITIES			
Repayment of long-term debt		**(221)**	(100)
Dividends paid to Shareholders of the Parent Corporation	9	**(3,118)**	(2,939)
Other dividends paid		**(67)**	(596)
Common shares issued		**143**	602
Common shares repurchased for cancellation		**(14,056)**	(445)
		(17,319)	(3,478)
INVESTING ACTIVITIES			
Business acquisition		**(4,262)**	–
Additions to property, plant and equipment and intangible assets		**(3,292)**	(1,865)
		(7,554)	(1,865)
Effect of exchange rate changes on cash and cash equivalents		**(74)**	(278)
Net change in cash and cash equivalents		**(31,288)**	(18,046)
Cash and cash equivalents, beginning of period		**29,454**	33,721
Cash and cash equivalents (bank overdraft), end of period		**(1,834)**	15,675
Supplementary information			
Income taxes paid		**6,909**	6,310
Interest received, net		**(24)**	(84)

See accompanying notes to the interim consolidated financial statements.

February 29, 2016 and February 28, 2015 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

NATURE OF BUSINESS

Richelieu Hardware Ltd. [the "Corporation"] is incorporated under the laws of Quebec, Canada. The Corporation is a 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, and hardware retailers including renovation superstores. The Corporation's head office is located at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, Canada, H4S 1V4.

1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Corporation's interim consolidated financial statements, presented in Canadian dollars, have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"], more specifically with IAS 34, *Interim Financial Reporting*.

The interim consolidated financial statements were prepared in accordance with the accounting policies that the Corporation applied when preparing the annual consolidated financial statements as at November 30, 2015 and for the year then ended, and requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future and other factors deemed relevant and reasonable. In management's opinion, these interim consolidated financial statements reflect all the adjustments required for a fair presentation. These adjustments consist only of normal recurring adjustments. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year as the operating level of the Corporation is subject to seasonal fluctuations. These interim consolidated financial statements should be read in conjunction with the audited consolidated annual financial statements and the accompanying notes included in the Corporation's annual report for the fiscal year 2015.

2. CHANGES IN ACCOUNTING METHODS

RECENTLY ISSUED

IFRS 15, Revenue from contracts with customers

In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15 *Revenue from Contracts with Customers* which is a replacement of IAS 18 *Revenue*, IAS 11, *Construction Contracts* and related interpretations. Under IFRS 15 standard, revenue is recognized at the point in time when control of the goods or services transfers to the customer rather than when the significant risks and rewards are transferred. The new standard also requires additional disclosures through notes to financial statements. IFRS 15 shall be applied to fiscal years beginning on or after January 1st, 2018. Earlier application is permitted.

IFRS 16, Leases

In January 2016, the IASB has published a new standard, IFRS 16 *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations and is effective for periods beginning on or after January 1st 2019, with earlier adoption permitted if IFRS 15 *Revenue from Contracts with Customers* has also been applied.

IAS 1, Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the statement of financial position, statement of income and statement of comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1st, 2016. Earlier application is permitted.

The Corporation will assess the impact these new standards will have on its consolidated financial statements.

3. BUSINESS ACQUISITIONS

2016

Effective December 14, 2015, Richelieu acquired all the outstanding common shares of Cabinetmakers Supply, Inc. (doing business as Cornerstone Hardware & Supplies), a specialty hardware distributor located in Houston, Texas that serves a customer base of kitchen cabinet manufacturers and residential and commercial woodworkers.

2015

On June 18, 2015, the Corporation purchased the net assets of BD Enterprises, Inc. (doing business as Single Source Cabinet Supplies) .[«Single Source»] a distributor of specialty hardware that serves a customer base of kitchen cabinet manufacturers and residential and commercial woodworkers in Dallas, Texas

4. SHARE CAPITAL

During the first quarter of 2016, the Corporation carried out a 3-for-1 stock split of its common shares. All information pertaining to shares have been retroactively restated to reflect the effect of the stock split.

Authorized

Unlimited number of:

Common shares, participating, entitling the holder to one vote per share.

Non voting first and second ranking preferred shares issuable in series, the characteristics of which are to be determined by the Board of Directors.

Issued	**As at February 29, 2016 $**	As at November 30, 2015 $
58,012,107 common shares [November 30, 2015 – 58,643,607]	**33,380**	33,566

During the three-month period ended February 29, 2016, the Corporation issued 16,500 common shares [2015 – 81,024] at an average price of $8.71 per share [2015 – $7.44] pursuant to the exercise of options under the share option plan. In addition, during the three-month period ended February 29, 2016, the Corporation, through a normal course issuer bid, purchased 648,000 common shares for cancellation in consideration of $14,056 which resulted in a premium on the redemption in the amount of $13,685 recorded in the consolidated statements of retained earnings. [2015 - purchased 22,800 common shares for cancellation in consideration of $445 which resulted in a premium on the redemption in the amount of $433].

Stock option plan

During the three-month period ended February 29, 2016, the Corporation granted no options [2015 – 246,900 with an average exercise price of $18.83 per share and an average fair value of $4.14 per option as determined using the Black & Scholes option pricing model using an expected dividend yield of 1.05%, a volatility of 21%, a risk free interest rate of 1.48% and an expected life of 7 years]. For the three-month period ended February 29, 2016, the compensation expense charged to earnings for the options granted amounted to $159 [2015 – $152]. As at February 29, 2016, 1,562,145 options were outstanding with exercise price varying from $5.57 to $18.83 for a weighted average of $10.72 [1,578,645 options as at November 30, 2015 with exercise price varying from $5.57 to $18.83 for a weighted average of $10.71].

February 29, 2016 and February 28, 2015 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

4. SHARE CAPITAL [CONT'D]

Deferred share unit plan

The financial liability resulting from the plan of $5,866 [November 30, 2015 – $6,022] is presented under the *Accounts payable and accrued liabilities*. As at February 29, 2016, the fair value of the equity swaps amounted to an asset of $137 [2015 – an asset of $57] and is presented under *Accounts receivable*. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market data. The compensation expense for the DSUs during the three-month period ended February 29, 2016 amounted to $132 [2015 – $129] and is recognized under *Operating expenses*.

Share purchase plan

Compensation expense related to the share purchase plan amounted to $147 for the three-month period ended February 29, 2016 [2015 – $127] and is recognized under *Operating expenses*.

Net earnings per share

Net earnings per share, basic and diluted earnings were calculated based on the following number of shares:

	2016	2015
Weighted average number of shares outstanding – Basic	**58,442,935**	58,748,090
Dilutive effect under stock option plan	**821,655**	896,110
Weighted average number of shares outstanding – Diluted	**59,264,590**	59,644,200

5. ACCUMULATED OTHER COMPREHENSIVE INCOME

The accumulated other comprehensive income, including the following items and the changes that occurred during the three-month period ended February 29 and February 28, were as follows:

	2016 **$**	2015 $
Balance at the beginning of the period	**19,150**	6,985
Exchange differences on translation of foreign operations	**1,093**	6,621
Balance at the end of the period	**20,243**	13,606

6. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

Fair value

The carrying value of long-term debt approximates their fair value because of the short maturity on balances of sale payable. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market data.

Credit risk

The Corporation sells its products to numerous customers in Canada, and in a lesser proportion in the United States. The credit risk refers to the possibility that customers will be unable to assume their liabilities towards the Corporation. The average days outstanding of accounts receivable, as at February 29, 2016 is acceptable given the industry in which the Corporation operates.

The Corporation performs ongoing credit evaluation of customers and generally does not require collateral. The allowance for doubtful accounts has increased by $ 559 during the three-month period ended February 29, 2016 [2015 – 915] for a total of $6,414 [November 30, 2015 – $5,855].

Market risk

The Corporation's foreign currency exposure arises from purchases and sales transacted (mainly in U.S. dollars and Euros). *Operating expenses* included, for the three-month period ended February 29, 2016, an exchange loss of $179 [2015 – gain of $676].

The Corporation's policy is to maintain its purchase price and selling prices of its commercial activities by mitigating its exposure by use of derivative financial instruments. To protect its operations from exposure to exchange rate fluctuations, foreign exchange contracts are used. Major exchange risks are covered by a centralized cash flow management. Exchange rate risks are managed in accordance with the Corporation's policy on exchange risk management. The goal of this policy is to protect the Corporation's profits by eliminating the exposure to exchange rate fluctuations. The Corporation's policy does not allow speculative trades.

As at February 29, 2016, a decrease of 5% of the Canadian dollar against the U.S. dollar and the Euro, all other variables remaining the same, would have increased consolidated net earnings by $466 [As at February 28, 2015 – increased consolidated net earnings by $324] and would have increased the consolidated comprehensive income by $5,954 [As at February 28, 2015 – increased the consolidated comprehensive income by $5,255] on translation of monetary assets and liabilities. The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Corporation's financial instruments as at February 29, 2016.

Liquidity risk

The Corporation manages its risk of not being able to settle its financial liabilities when required by taking into account its operational needs and by using different financing tools, if required. During the previous years, the Corporation has financed its growth, its acquisitions, and its payout to shareholders by using the cash generated by the operating activities.

Operating expenses excluding amortization and financial charges

	2016 **$**	2015 $
Inventories from the distribution, imports and manufacturing activities	**139,972**	114,524
Salaries and related charges	**27,642**	25,518
Other charges	**4,585**	3,571
	172,199	143,613

An expense of $711 [2015 – $605] for inventory obsolescence is included in inventories from the distribution, imports and manufacturing activities.

7. CAPITAL MANAGEMENT

The Corporation's objectives are:

- maintain a low debt ratio to preserve its capacity to pursue its growth both internally and through acquisitions; and
- provide an adequate return to shareholders.

The Corporation manages and makes adjustments to its capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. As at February 29, 2016 the Corporation achieved the following results regarding its capital management objectives:

- debt/equity ratio: 0.9% [1 % as at November 30, 2015] [Long-term debt/ Equity]; and
- return on average shareholder's equity of 17.4% over the last 12 months [17.5% for the year ended November 30, 2015].

The Corporation's capital management objectives remained unchanged from the previous fiscal year.

February 29, 2016 and February 28, 2015 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

8. GEOGRAPHIC INFORMATION

During the three-month period ended February 29, 2016, near 64% of sales had been made in Canada [2015 – 68%]. The Corporation's sales to foreign countries, almost entirely directed to the United States, amounted to $68,501 [2015 – $51,608] in Canadian dollars and to $49,266 [2015 – $42,804] in U.S. dollars.

As at February 29, 2016, out of a total amount of $29,863 in property, plant and equipment [November 30, 2015 – $27,963], $2,862 [November 30, 2015 – $2,730] are located in the United States. In addition, intangible assets located in the United States amounted to $14,768 [November 30, 2015 – $12,796] and goodwill to $10,755 [November 30, 2015 – $9,231] in Canadian dollars and to $10,914 [November 30, 2015 – $9,581] and goodwill to $7,948 [November 30, 2015 – $6,913] in US dollars.

9. DIVIDENDS PAID TO SHAREHOLDERS OF THE PARENT CORPORATION

For the three-month period ended February 29, 2016, the Corporation paid a quarterly dividend of 5.33¢ per share [2015 – quarterly dividend of 5¢ per share] for a total amount of $3,118 [2015 – $2,939].

10. APPROVAL OF FINANCIAL STATEMENTS

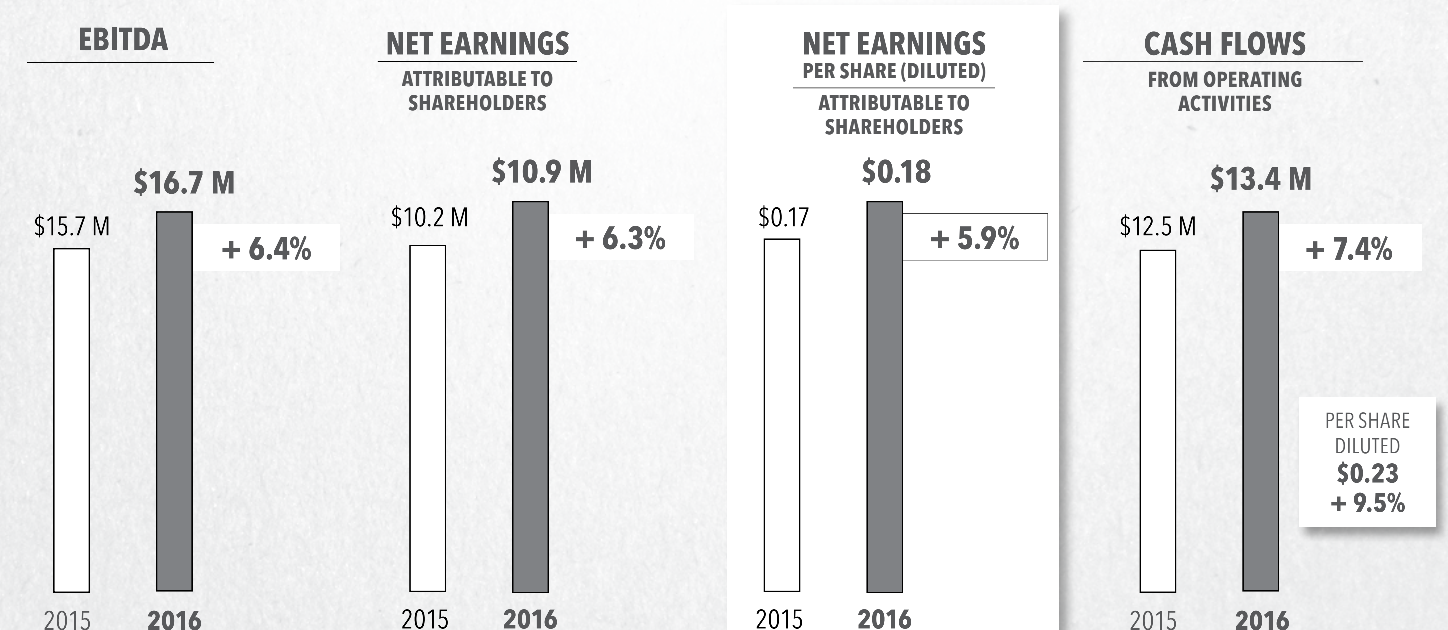
The consolidated financial statements for the three-month period ended February 29, 2016 (including the comparative figures) were approved for issue by the Board of Directors on April 7, 2016.

11. COMPARATIVE FIGURES

All information pertaining to shares have been retroactively restated to reflect the effect of the 3-for-1 share split effective on February 29, 2016.

First Quarters

ended on February 29, 2016 and February 28, 2015



EBITDA margin	
9.9%	**8.8%**

Net margin	
6.4%	**5.7%**

After 3-for-1 share split

Transfert Agent and Registrar
Computershare Trust Company of Canada

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