Q2

Quarterly Report

Three and six-month periods ended May 31, 2024

MESSAGE TO SHAREHOLDERS

In the second quarter ending May 31, 2024, Richelieu continued its growth and achieved higher sales compared to the corresponding quarter of 2023. This increase resulted from the benefits of its acquisitions as well as its market penetration and value-added service strategies - an appreciable result in the current market conditions. During the quarter, the Corporation completed the acquisition of a distributor of specialty panels and decorative surfaces operating in Pennsylvania and Ohio, its third acquisition since the beginning of the fiscal year.

Second-quarter sales totalled $481.4M, up 2.0% from the corresponding period of 2023, including a 0.7% internal decrease offset by 2.7% growth through acquisition. In the manufacturers' market, Richelieu grew sales by 4.5%, with a 0.9% increase in Canada and 8.7% (US$) in the United States. Across all geographic markets, sales to retailers and renovation superstores decreased, resulting in a 14.6% decline in this market. In Canada, sales totalled $276.3M, down slightly by 1.1% from the second quarter of 2023, while in the United States, sales reached US$150.5M, up 6.1%, of which 1.9% came from internal growth and 4.2% from acquisitions.

For the first six months of the year, sales totalled $888.3M, an increase of 1.5% over the first half of 2023, including a 0.5% internal decline offset by growth through acquisition of 2.0%.

EBITDA for the second quarter amounted to $53.8M, down 12.6% compared to the corresponding quarter of 2023. The EBITDA margin was 11.2%, compared with 13.0% in the second quarter of 2023. Gross and EBITDA margins continued to be under pressure due to temporary factors, including inventories at higher than current purchasing costs, lower selling prices for certain products originating mainly from Asia, and the start-up and development of several expanded and modernized distribution centres in 2023, including the new Calgary distribution centre which began operations in December 2023. The Corporation is continuing its efforts to reduce inventories, which decreased by $22M in the second quarter. As a result, net income attributable to shareholders was $0.42 per diluted share, compared with $0.55 in the second quarter of 2023.

EBITDA for the first half was $94.2M, down 14.8%, and EBITDA margin was 10.6% from 12.6% for the comparable period of 2023. The Corporation reported net income attributable to shareholders of $0.69 per diluted share for the first half of 2024, compared with $0.95 per diluted share for the first six months of 2023.

EXPANDING THE NORTH AMERICAN NETWORK: THREE NEW ACQUISITIONS IN THE FIRST HALF AND PLANS TO CONSOLIDATE DISTRIBUTION ACTIVITIES FOR THE RETAILERS MARKET

On March 27, 2024, Richelieu closed the acquisition of the main net assets of Allegheny Plywood, a distributor of specialty panels and decorative surfaces, operating distribution centres in Pittsburgh and Allentown, Pennsylvania, as well as in Cleveland, Ohio. This acquisition is in addition to those concluded in the first quarter, namely Olympic Forest Products, a distributor of specialized lumber and panel products based in Erin, Ontario, and Rapid Start, a distributor of specialized hardware serving manufacturers from its centre in Rittman, Ohio. Together, these transactions represent sales of approximately $60M on an annual basis, and strengthen the Corporation's presence in these markets.

Completed in December 2023, the Calgary expansion project enables the Corporation to continue to support the growth of its manufacturer customers by consolidating two centres into a single 250,000 square foot warehouse, and by centralizing the distribution of all products for retailer customers in Western Canada. In the second quarter, the Corporation began optimizing distribution activities for the retailers in Ontario and Eastern Canada. These projects are ongoing and have already involved the transfer of operations from two distribution centres.

Richelieu is well positioned to seize opportunities in the renovation market, as well as the expected increase in demand for specialized products in the context of housing shortages in Canada and the United States. Over the coming periods, the team will remain fully focused to intensify market penetration, optimize synergies and pursue winning strategies based on the Corporation's core strengths: innovation, market diversification, distinctive value-added service, network strength and the ability to integrate acquisitions effectively.

NEXT DIVIDEND PAYMENT

On July 11, 2024, the Board of Directors approved the payment of a quarterly dividend of $0.15 per share. This dividend will be paid on August 8, 2024, to shareholders of record as at July 25, 2024.

RICHELIEU HARDWARE LTD

Management's discussion and analysis
Second quarter ended May 31, 2024

PRESENTATION BASIS

This Management's Discussion and Analysis ("MD&A") relates to Richelieu Hardware Ltd.'s consolidated operating results and cash flows for the second quarter and first six months ended May 31, 2024, in comparison with the second quarter and first six months ended May 31, 2023, as well as the Corporation's financial position as at May 31, 2024, compared with that of November 30, 2023. This report should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the second quarter and first six months of 2024 as well as the Corporation's fiscal 2023 MD&A and audited consolidated financial statements available on the website SEDAR+ at www.sedarplus.com and on the Corporation's website at www.richelieu.com. In this MD&A, "Richelieu" or the "Corporation" refers to, 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 May 31, 2024, signed by the Corporation's President and Chief Executive Officer and the Vice-President and Chief Financial Officer, is available on SEDAR+. The information contained in this MD&A accounts for any major event that occurred prior to July 11, 2024, on which date the unaudited interim consolidated financial statements and interim MD&A were approved by the Corporation's Board of Directors. Unless otherwise indicated, the financial information presented below, including amounts shown in tables, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the second quarter and first six months ended May 31, 2024, have not been audited or reviewed by the Corporation's auditors.

NON-IFRS MEASURES

Richelieu uses earnings before interest, income taxes and amortization ("EBITDA") as we believe this measure enables management to assess the Corporation's operational performance. This measure is a widely accepted performance 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 net earnings attributable to shareholders of the Corporation, as an indicator of cash flows or as a measure of liquidity. Since EBITDA does not have a standardized meaning prescribed by IFRS, it may not be comparable to the EBITDA of other companies.

Richelieu also uses adjusted cash flows from operating activities and adjusted cash flows from operating activities per share. Adjusted cash flows from operating activities are based on net earnings plus the amortization of property, plant and equipment, intangible assets and right-of-use assets, deferred tax expense (or recovery), share-based compensation expense and financial costs. These additional measures do not consider the net change in non-cash working capital items in order 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 the cash flows from operating activities of other companies.

FORWARD-LOOKING STATEMENTS

Certain statements set forth in this MD&A, including statements relating to the expected adequacy 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, or ability to weather current economic conditions and access other external financing, close 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 assumption that economic conditions and exchange rates will not significantly deteriorate, that operating costs will not increase significantly, that supplies will be sufficient to fulfil Richelieu's needs, that availability of credit will remain stable during the year and that 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 were prepared, they could prove inaccurate. Forward-looking statements are also subject, by their very nature, to known and unknown risks and uncertainties set forth in the 2023 annual MD&A (see the "Risk Factors" section) available on SEDAR+ and on the Corporation's website.

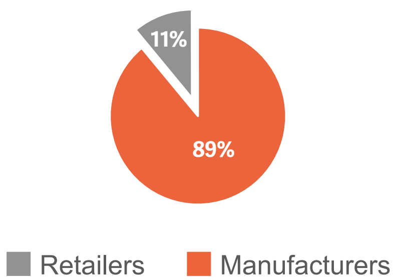
Richelieu's actual results could differ materially from those indicated in or underlying these forward-looking statements. The reader is therefore cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items, 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 as required by law.

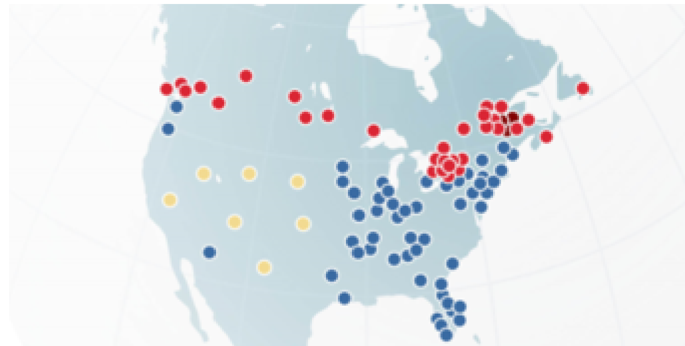
GENERAL BUSINESS OVERVIEW AS AT MAY 31, 2024

Richelieu is a leading North American importer, manufacturer and distributor of specialty hardware and related products.

Richelieu offers customers a broad mix of products sourced from manufacturers worldwide. The solid relationships Richelieu has built with the world's leading suppliers enable it to provide customers with the latest innovative products tailored to their business needs. The residential and commercial renovation industry is one of the Corporation's principal sources of growth.

Sales by market Q2-2024





Richelieu's offer	114 interconnected centres
Over **145,000** different items	**48** DISTRIBUTION CENTRES IN CANADA
More than **120,000** active customers	**63** DISTRIBUTION CENTRES IN THE UNITED STATES
5,100,000 sq.ft. of storage	3 MANUFACTURING PLANTS
	COVERAGE BY REPRESENTATIVES

Main product categories	
Furniture, glass and building decorative and functional hardware	Sliding door systems
	Decorative and functional panels
Lighting systems	High pressure laminates
Finishing and decoration products	Baluster and railings
Ergonomic workstations components	Floor protection products
Kitchen and closet storage solutions	Power tools accessories

Those products are targeted to an extensive customer base of **kitchen and bathroom cabinet, storage and closet, home furnishing and office furniture, door and window manufacturers, residential and commercial woodworkers, as well as hardware retailers including renovation superstores.**

This offering is completed by the Corporation's three manufacturing subsidiaries, Les Industries Cedan Inc., Menuiserie des Pins Ltée and USIMM UNIGRAV Inc., 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.

The Corporation employs over 3,000 people at its head office and throughout its network, close to half of whom work in marketing, sales and customer service. Nearly 50% of the Corporation's employees are Richelieu shareholders.

MAIN TRADEMARKS

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 intrapreneurship.

To sustain its growth and remain leader in its specialty market, the Corporation continues to implement the strategy that has proved beneficial to date, with a particular focus on:

- strengthening its product offering by continuously introducing each year new 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 team capable of providing customers with personalized service, and
- pursuing its North American expansion by opening new distribution centres and through efficiently integrated, profitable acquisitions made at the right price, offering high growth potential and complementarity to its product mix and expertise.

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

SECOND QUARTER HIGHLIGHTS AND KEY FINANCIAL DATA

- **Sales** of $481.4M, up 2%, including $276.3M in Canada and US$150.5M in the United States, up 6% (US$).
- **EBITDA**[1] of $53.8M - EBITDA margin of 11.2%.
- **Net earnings attributable to shareholders** of $23.4M, or $0.42 per diluted share.
- **Cash flows from operating activities** of $55.7M.
- **Expansion**: acquisition in the U.S.
- **Buyback** of 480,820 common shares for $18.6M.

NETWORK DEVELOPMENT

Since the start of fiscal year 2024, Richelieu concluded the following acquisitions:

Date	Company Name	Nature of operations	Locations
December 1, 2023	Olympic Forest Products	Distributor of specialized lumber and panel products	Erin, ON
January 15, 2024	Rapid Start	Distributor of specialized hardware	Rittman, OH
March 27, 2024	Allegheny Plywood	Distributor of specialty panels and decorative surfaces	Pittsburgh PA, Allentown, PA and Cleveland, OH.

These three acquisitions together will add approximately $60M in annual sales. Additionally, in December 2023, the Corporation completed the Calgary expansion project by consolidating two centres into a single 250,000 sq. ft. warehouse, which will increase its service capacity and optimize operations. Moreover, this expansion centralized distribution activities for the Western Canadian retail market, serving these customers from a single facility in Calgary. The Corporation has also begun optimizing distribution operations for the retail market in Ontario and Eastern Canada. These projects are ongoing and have already involved the transfer of operations from two distribution centres.

[1] Financial measure not IFRS compliant. Refer to non-IFRS section.

OPERATING AND CASH FLOW INFORMATION (unaudited)

(in millions of dollars, except margins and per share data)	Quarters ended May 31			Six months ended May 31		
	2024	2023	Δ %	**2024**	2023	Δ %
Sales	**481.4**	472.1	2.0	**888.3**	875.1	1.5
EBITDA [1]	**53.8**	61.5	(12.6)	**94.2**	110.6	(14.8)
EBITDA margin (%)	***11.2***	*13.0*		***10.6***	*12.6*	
Net earnings attributable to shareholders of the Corporation	**23.4**	30.7	(23.7)	**38.7**	53.1	(27.2)
• basic per share ($)	**0.42**	0.55	(23.6)	**0.69**	0.95	(27.4)
• diluted per share ($)	**0.42**	0.55	(23.6)	**0.69**	0.95	(27.4)
Adjusted cash flows from operating activities [1]	**45.1**	50.8	(11.3)	**80.0**	91.4	(12.5)
• diluted per share ($) [1]	**0.80**	0.90	(11.1)	**1.42**	1.63	(12.9)
Dividends paid per share ($)	**0.15**	0.15	—	**0.30**	0.30	—
Weighted average number of shares outstanding (diluted, in thousands)	**56,329**	56,227		**56,421**	56,176	

DATA ON THE FINANCIAL SITUATION

(in millions of dollars, except ratios)	As at May 31, 2024	As at November 30, 2023	Δ %
Total assets	**1,381.7**	1,315.0	5.1
Working capital	**616.0**	621.8	(0.9)
Current ratio	***3.3:1***	*3.6:1*	
Equity attributable to shareholders	**912.0**	904.9	0.8
Average return on shareholders' equity (%)	***11.0***	*12.9*	
Book value per share ($)	**16.38**	16.13	1.5
Total debt	**6.6**	5.3	23.7
Net cash and cash equivalents (net bank overdraft)	**(14.4)**	23.7	

CA$ / US$ EXCHANGE RATES

The following table presents the average exchange rates applicable to the second quarter and the first-half ended May 31, 2024 and 2023, as well as the closing rates on May 31, 2024 and November 30, 2023. The average rates are used to convert income and expenses of foreign establishments for the periods covered while other items in the statements of financial position and earnings of Canadian entities are translated at the exchange rates in effect at the date of transaction. The closing rates are used to convert the assets and liabilities of foreign operations and the monetary assets and liabilities in foreign currencies of Canadian operations.

Average rates for the quarters ended May 31		Average rates for the six months periods ended ended May 31		Closing rates	
2024	2023	**2024**	2023	**As at May 31, 2024**	As at November 30, 2023
1.363	1.356	1.355	1.353	1.364	1.358

[1] Financial measures not IFRS compliant. Refer to non-IFRS section.

ANALYSIS OF OPERATING RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2024, COMPARED WITH THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2023

(in millions of dollars, except per share data)	Quarter ended May 31			Six months ended May 31		
	2024	2023	Δ %	**2024**	2023	Δ %
Sales	**481.4**	472.1	2.0	**888.3**	875.1	1.5
Operating expenses excluding amortization	**427.6**	410.6	4.2	**794.1**	764.5	3.9
EBITDA	**53.8**	61.5	(12.6)	**94.2**	110.6	(14.8)
Amortization of property, plant and equipment and right-of-use assets	**14.5**	12.1	20.1	**28.5**	23.5	21.7
Amortization of intangible assets	**2.7**	2.7	0.1	**5.3**	5.4	(1.7)
Net financial costs	**3.1**	4.0	(23.4)	**5.6**	7.9	(28.7)
	20.3	18.8	7.9	**39.5**	36.8	7.5
Earnings before income taxes	**33.5**	42.7	(21.6)	**54.7**	73.9	(25.9)
Income taxes	**8.9**	11.5	(22.9)	**14.6**	20.1	(27.6)
Net earnings	**24.6**	31.2	(21.1)	**40.2**	53.8	(25.3)

Net earnings attributable to:						
Shareholders of the Corporation	**23.4**	30.7	(23.7)	**38.7**	53.1	(27.2)
Non-controlling interests	**1.2**	0.5	148.2	**1.5**	0.7	122.3

Net earnings per share attributable to shareholders of the Corporation						
Basic	**0.42**	0.55	(23.6)	**0.69**	0.95	(27.4)
Diluted	**0.42**	0.55	(23.6)	**0.69**	0.95	(27.4)

Sales

The following table provides an overview of Richelieu's **sales** in its two main markets for the quarters ended May 31, 2024 and 2023 :

Quarters ended May 31 *(in millions of dollars, except exchange rates)*	**2024**	2023	Δ %		
			Total	Internal	Acquisitions
Consolidated	**481.4**	472.1	2.0	(0.7)	2.7
Manufacturers	**427.4**	408.9	4.5	1.4	3.1
Retailers	**54.0**	63.2	(14.6)	(14.6)	—
Canada	**276.3**	279.5	(1.1)	(2.8)	1.7
Manufacturers	**232.3**	230.3	0.9	(1.1)	2.0
Retailers	**44.0**	49.2	(10.6)	(10.6)	—
United States in US$	**150.5**	141.9	6.1	1.9	4.2
Manufacturers	**143.1**	131.6	8.7	4.2	4.5
Retailers	**7.4**	10.3	(28.2)	(28.2)	—
United States in CA$	**205.1**	192.6	6.5		
Average exchange rates	***1.363***	*1.356*			

For the **second quarter** ended May 31, 2024, consolidated sales were $481.4M, compared to $472.1M for the second quarter of 2023, an increase of $9.3M, or 2.0%, resulting from a positive contribution from the acquisitions of 2.7% and an internal decrease of 0.7%. In comparable currency to the second quarter of 2023, consolidated sales increase would have been 1.8% for the quarter ended May 31, 2024.

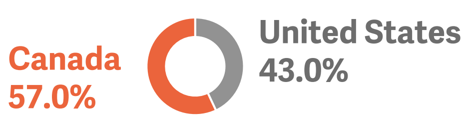
The following table provides an overview of Richelieu's **sales** in its two main markets for the first half of 2024 and 2023 :

Six months ended May 31 *(in millions of dollars)*	**2024**	2023	Δ %		
			Total	Internal	Acquisitions
Consolidated	**888.3**	875.1	1.5	(0.5)	2.0
Manufacturers	**777.6**	754.4	3.1	0.7	2.4
Retailers	**110.7**	120.7	(8.3)	(8.3)	—
Canada	**508.3**	510.4	(0.4)	(2.2)	1.8
Manufacturers	**420.1**	415.8	1.0	(1.2)	2.2
Retailers	**88.2**	94.6	(6.8)	(6.8)	—
United States in US$	**280.4**	269.6	4.0	1.7	2.3
Manufacturers	**263.8**	250.3	5.4	2.9	2.5
Retailers	**16.6**	19.3	(14.0)	(14.0)	—
United States in CA$	**380.0**	364.7	4.2		
Average exchange rates	***1.355***	*1.353*			

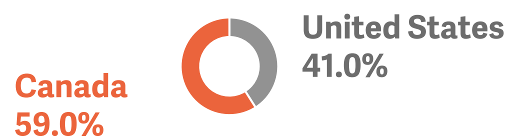
In the **first half** of 2024, consolidated sales reached $888.3M, up $13.2M or 1.5% over the first half of 2023, of which 2.0% from acquisitions and 0.5% from an internal decrease. In comparable currency to the corresponding period of 2023, the increase in consolidated sales would have been 1.4%.

Breakdown of sales by major markets (in Canadian dollars)

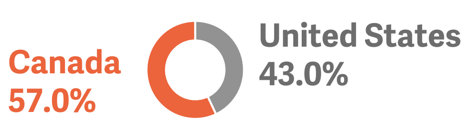
Q2-2024



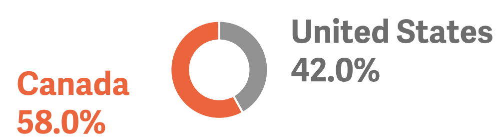
Q2-2023



Q2 cumulative-2024



Q2 cumulative-2023



Operating expenses excluding amortization

For the quarter ended May 31, 2024, operating expenses excluding amortization totalled $427.6M, representing 88.8% of sales, compared to $410.6M, or 87.0% of sales, for the same period in 2023. The increase in monetary terms reflects higher costs of goods sold in certain product categories, as well as operational expenses associated with expansion projects completed over the past year and early this year, which are currently in the start-up phase.

For the first half of the year, operating expenses excluding amortization totalled $794.1M, representing 89.4% of sales, compared to $764.5M, or 87.4% of sales, for the same period in 2023. This variation is also explained by higher costs of goods expensed as well as costs specific to projects during the start-up phase.

Earnings before income taxes, interest and amortization (EBITDA)

EBITDA for 2024 **second quarter** was $53.8M, down $7.7M or 12.6% from the corresponding quarter of 2023, mainly as a result of lower gross margin caused by inventories at costs higher than current purchasing costs and the drop in selling prices of certain products, plus the temporary increase in some operating expenses resulting from expansion projects. As a result, the EBITDA margin was 11.2%, compared with 13.0% for the corresponding quarter of 2023.

EBITDA for the first **six months** was $94.2M, down $16.4M or 14.8% from the corresponding period of 2023.

Amortization and net financial costs

Amortization expense for the **second quarter** of 2024 amounted to $17.2M, up $2.4M over the corresponding period of 2023, as a result of the increase in property, plant and equipment and right-of-use assets stemming from expansion and modernization projects completed in 2023 and early this year. Net financial costs were $3.1M for this quarter in 2024, compared to $4.0M in 2023, a decrease of $0.9M mainly due to reduced lines of credit used primarily to finance acquisitions, expansion projects, and the temporary increase in inventories in the previous fiscal year.

For the **first half** of 2024, amortization expense amounted to $33.9M, up $5.0M over the corresponding period of 2023. Net financial costs were $5.6M in the first half of 2024, compared to $7.9M for the corresponding period in 2023, a decrease of $2.3M resulting from the repayment of lines of credit.

Income taxes

For the **second quarter** of 2024, income tax expense was $8.9M, compared to an expense of $11.5M in the same period last year, representing respectively effective tax rates of 27.0%.

For the **six-month period**, income tax expense was $14.6M compared to $20.1M in 2023 , representing effective tax rates of 27%.

Net earnings and comprehensive income

Second quarter net earnings were $24.6M, down 21.1% from the prior year. Including non-controlling interests, net earnings attributable to shareholders of the Corporation were $23.4M, down 23.7% from Q2 2023. Net earnings per share were $0.42, basic and diluted, compared to $0.55, basic and diluted, for Q2 2023, down 23.6%.

For the **six-month period**, net earnings attributable to shareholders of the Corporation were $38.7M, down 27.2% from the prior year. Net earnings per share were $0.69 on a diluted basis, compared to $0.95 on both a basic and diluted basis for the same period of 2023, down 27.4%.

Comprehensive income amounted to $26.2M, reflecting a positive adjustment of $1.6M on translation of the financial statements of the subsidiary in the United States, compared to $31.1M for the same period in 2023, which reflected a negative adjustment of $0.1M on translation of the financial statements of the subsidiary in the United States. For the first **six months**, comprehensive income totalled $41.4M, compared to $55.7M for the corresponding period of 2023.

Quarterly data

(in millions of dollars, except per share data) **2024**	Q1	Q2	Q3	Q4
Sales	**406.9**	**481.4**		
EBITDA	**40.4**	**53.8**		
Net earnings attributable to shareholders of the Corporation	**15.2**	**23.4**		
• basic per share ($)	**0.27**	**0.42**		
• diluted per share ($)	**0.27**	**0.42**		
2023	T1	T2	T3	T4
Sales	403.0	472.1	459.0	453.7
EBITDA	49.1	61.5	61.0	58.8
Net earnings attributable to shareholders of the Corporation	22.4	30.7	29.8	28.5
• basic per share ($)	0.40	0.55	0.53	0.51
• diluted per share ($)	0.40	0.55	0.53	0.51
2022	T1	T2	T3	T4
Sales	384.5	487.9	472.9	457.5
EBITDA	53.7	77.9	79.2	76.7
Net earnings attributable to shareholders of the Corporation	30.1	47.0	46.4	44.9
• basic per share ($)	0.54	0.84	0.83	0.80
• diluted per share ($)	0.53	0.83	0.82	0.80

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

Analysis of the main cash flows for the second quarter and the first half ended May 31, 2024

(in millions of dollars)	Quarters ended May 31		Six months ended May 31	
	2024	2023	**2024**	2023
Cash flows provided by (used in):				
Operating activities	**55.7**	74.4	**56.2**	93.2
Financing activities	**(38.6)**	(17.8)	**(57.6)**	(39.8)
Investing activities	**(20.8)**	(12.0)	**(36.2)**	(34.3)
Effect of exchange rate changes on cash and cash equivalents	**(0.6)**	0.1	**(0.5)**	(0.1)
Net change in cash and cash equivalents (bank overdraft)	**(4.2)**	44.6	**(38.1)**	18.9
Cash and cash equivalents (bank overdraft), beginning of period	**(10.2)**	(137.7)	**23.7**	(112.0)
Cash and cash equivalents (bank overdraft), end of period	**(14.4)**	(93.1)	**(14.4)**	(93.1)

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

(in millions of dollars)	Quarters ended May 31		Six months ended May 31	
	2024	2023	**2024**	2023
Cash flow from operating activities	**55.7**	74.4	**56.2**	93.2
Net change in non-cash working capital balances (inflow)	**(10.6)**	(23.6)	**23.8**	(1.8)
Adjusted cash flows from operating activities	**45.1**	50.8	**80.0**	91.4

Operating activities

Second quarter adjusted cash flow from operating activities, (before net change in non-cash working capital balances), was $45.1M or $0.80 per diluted share compared to $50.8M or $0.90 per diluted share for the second quarter of 2023. This 11.1% decrease mainly reflects the decrease in net earnings. The net change in non-cash working capital items generated a cash inflow of $10.6M, mainly reflecting decreases in inventories and accounts payable of $31.1M, while accounts receivable and other items used cash flows of $20.5M. As a result, operating activities provided a cash inflow of $55.7M, compared to a cash inflow of $74.4M in Q2 2023.

For the first six months, adjusted cash flow from operating activities, (before net change in non-cash working capital balances), was $80.0M or $1.42 per diluted share compared to $91.4M or $1.63 per diluted share for the first six months of 2023. The net change in non-cash working capital items used cash flows of $23.8M, mainly reflecting the decrease in inventories which generated a cash inflow of $10.6M, while accounts receivable, accounts payable, including income tax payable, and other items used cash of $34.4M. As a result, operating activities generated a cash inflow of $56.2M, compared to a cash inflow of $93.2M in the first six months of 2023.

Financing activities

In the **second quarter**, financing activities required a cash outflow of $38.6M compared to $17.8M in Q2 2023. During the quarter, the Corporation paid lease obligations of $10.0M, distributed dividends to shareholders totaling $8.4M, and paid interest on bank overdrafts amounting to $0.7M, compared to lease payments of $8.6M, dividend payments of $8.4M, and interest on bank overdrafts of $2.4M in the second quarter of 2023. The Corporation also repurchased 480,820 common shares for $18.6M.

In the **first half**, cash flows from financing activities used cash flows of $57.6M, compared to $39.8M in the first half of 2023. The Corporation repaid long-term debt of $2.1M, paid lease obligations of $19.7M and issued shares for $1.8M, compared to a long-term debt repayment of $4.6M, lease payments of $15.6M and a $2.6M share issue in the first half of 2023. Dividends paid to shareholders of the Corporation amounted to $16.8M compared to $16.7M in the same period of 2023 while common shares repurchased amounted to $18.6M in the first half of 2024, compared to $0.8M in 2023.

Investing activities

Investment activities amounted to $20.8M, including $9.6M for business acquisitions completed during the **second quarter** and $11.2M primarily for investments related to the consolidation of the Calgary centre and the purchase of equipment aimed at maintaining and improving operational efficiency, compared to $12.0M during the corresponding quarter of 2023, including $4.2M for business acquisitions and $7.8M mainly for the purchase of equipment aimed at maintaining and improving operational efficiency as well as infrastructure investments for distribution centre expansion projects.

For the **first half**, investment activities represented a total cash outflow of $36.2M, including $17.0M for business acquisitions completed during the first half and $19.2M primarily for the purchase of equipment aimed at maintaining and improving operational efficiency, as well as for distribution centre expansion projects. In the first half of 2023, they amounted to $34.3M, including $20.0M for business acquisitions and $14.3M for acquisitions of fixed assets.

Sources of financing

As at May 31, 2024, the bank overdraft, net of cash and cash equivalents, was $14.4M, compared to a net cash balance of $23.7M as at November 30, 2023. The Corporation had a **working capital** of $616.0M, a ratio of 3.3:1, compared to $621.8M (ratio of 3.6:1) as at November 30, 2023.

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 expected in fiscal 2024. The Corporation has access to an authorized line of credit of $85M [$150M as at November 30, 2023] as well as a line of credit of US$56M [US$56M as at November 30, 2023] renewable annually and bearing interest at the bank's prime and the BSBY rate plus 1.05%, respectively. In addition, Richelieu considers it could access other outside financing if necessary.

ANALYSIS OF FINANCIAL POSITION

(in millions of dollars)	**As at May 31, 2024**	As at November 30, 2023	Δ %
Current assets	**887.7**	859.5	3.3
Non-current assets	**494.1**	455.5	8.5
Total	**1,381.7**	1,315.0	5.1
Current liabilities	**271.6**	237.7	14.3
Non-current liabilities	**195.9**	169.1	15.9
Equity attributable to shareholders of the Corporation	**912.0**	904.9	0.8
Non-controlling interests	**2.2**	3.3	(33.1)
Total	**1,381.7**	1,315.0	5.1

Assets

Total assets were $1.38B as at May 31, 2024, compared to $1.31B as at November 30, 2023, an increase of 5.1%. Current assets increased by 3.3% or $28.2M from November 30, 2023. Non-current assets increased by 8.5% mainly due to the addition of right-of-use assets.

Liabilities

Current liabilities amounted to $271.6M as at May 31, 2024, up 14.3% from $237.7M as at November 30, 2023. Non-current liabilities totalled $195.9M as at May 31, 2024, compared to $169.1M as at November 30, 2023. The increase primarily reflects a rise in lease obligations.

Shareholders' equity

The Corporation's shareholders' equity was $912.0M as at May 31, 2024, compared to $904.9M as at November 30, 2023, an increase of $7.1M mainly due to increases of $3.3M in retained earnings and $2.6M in capital stock and contributed surplus, while accumulated other comprehensive income increased by $1.2M. As at May 31, 2024, the book value per share was $16.38, up 0.9% from November 30, 2023.

Share capital and stock options

As at May 31, 2024, the Corporation's share capital consisted of 55,677,620 common shares [56,088,365 common shares as at November 30, 2023]. For the three and six-month periods ended May 31, 2024, the weighted average number of diluted shares outstanding was 56,328,850 and 56,421,090 [56,227,220 and 56,176,050 in 2023]. In addition, 1,821,725 stock options were outstanding as at May 31, 2024 [November 30, 2023 - 1,621,925].

The following table presents the changes in outstanding share capital and stock options for the six-month period ended May 31, 2024:

Number of shares		Number of options	
Outstanding, November 30, 2023	56,088,365	Outstanding, November 30, 2023	1,621,925
Issued upon exercise of options	70,075	Exercised	(70,075)
Repurchased	(480,820)	Granted	289,000
Other	—	Cancelled	(19,125)
Outstanding, May 31, 2024	55,677,620	Outstanding, May 31, 2024	1,821,725

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 trading purposes and to enter into such 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 2023 annual MD&A, available on SEDAR, 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, 2023. 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 May 31, 2024, 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 May 31, 2024, have been prepared by management in accordance with IFRS.

The interim consolidated financial statements were prepared in accordance with the accounting policies that the Corporation applied when preparing its consolidated financial statements as at November 30, 2023 and for the year then ended, which 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 of Richelieu's 2023 annual report available on SEDAR+ and on the Corporation's website.

SUPPLEMENTARY INFORMATION

Further information about Richelieu, including its latest Annual Information Form, is available on SEDAR+ at www.sedarplus.com and on the Corporation's website at www.richelieu.com.

President and Chief Executive Officer

Richard Lord

Vice-President and Chief Financial Officer

Antoine Auclair

July 11, 2024

Interim Consolidated Financial Statements

Richelieu Hardware Ltd.

For the three and six-month periods ended May 31, 2024
[Unaudited]

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[In thousands of dollars]
[Unaudited]

	Notes	As at May 31, 2024 $	As at November 30, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**44,683**	46,327
Accounts receivable		**241,296**	219,264
Income taxes receivable		**18,544**	12,621
Inventories		**570,661**	572,351
Prepaid expenses		**12,499**	8,905
		887,683	859,468
Non-current assets			
Property, plant and equipment		**87,182**	78,053
Intangible assets		**67,940**	67,808
Right-of-use assets		**190,503**	167,124
Goodwill		**138,898**	135,089
Deferred taxes		**9,530**	7,421
		1,381,736	1,314,963
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft		**59,095**	22,617
Accounts payable and accrued liabilities		**169,082**	169,785
Income taxes payable		**—**	4,373
Current portion of long-term debt		**3,116**	2,940
Current portion of lease obligations		**40,341**	37,989
		271,634	237,704
Non-current liabilities			
Long-term debt		**3,496**	2,406
Lease obligations		**167,518**	143,336
Deferred taxes		**12,974**	11,169
Other liabilities		**11,929**	12,191
		467,551	406,806
Equity			
Share capital	4	**73,851**	72,289
Contributed surplus		**10,074**	9,040
Retained earnings		**798,238**	794,971
Accumulated other comprehensive income	5	**29,837**	28,593
Equity attributable to shareholders of the Corporation		**912,000**	904,893
Non-controlling interests		**2,185**	3,264
		914,185	908,157
		1,381,736	1,314,963

See accompanying notes to the interim consolidated financial statements.

On behalf of the Board of Directors :

Richard Lord
Director

Luc Martin
Director

CONSOLIDATED STATEMENTS OF EARNINGS

For the three and six-month periods ended May 31 [In thousands of dollars, except earnings per share]
[Unaudited]

		For the three months ended May 31,		For the six months ended May 31,	
		2024	2023	**2024**	2023
	Notes	**$**	$	**$**	$
Sales		**481,428**	472,082	**888,285**	875,112
Operating expenses excluding amortization	6	**427,643**	410,566	**794,083**	764,498
Earnings before amortization, financial costs and income taxes		**53,785**	61,516	**94,202**	110,614
Amortization of property, plant and equipment and right-of-use assets		**14,514**	12,081	**28,547**	23,454
Amortization of intangible assets		**2,698**	2,695	**5,340**	5,432
Net financial costs		**3,091**	4,033	**5,608**	7,864
		20,303	18,809	**39,495**	36,750
Earnings before income taxes		**33,482**	42,707	**54,707**	73,864
Income taxes		**8,876**	11,513	**14,552**	20,088
Net earnings		**24,606**	31,194	**40,155**	53,776
Net earnings attributable to:					
Shareholders of the Corporation		**23,432**	30,721	**38,661**	53,104
Non-controlling interests		**1,174**	473	**1,494**	672
		24,606	31,194	**40,155**	53,776
Net earnings per share attributable to shareholders of the Corporation					
Basic		**0.42**	0.55	**0.69**	0.95
Diluted		**0.42**	0.55	**0.69**	0.95

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and six-month periods ended May 31 [In thousands of dollars]
[Unaudited]

		For the three months ended May 31,		For the six months ended May 31,	
		2024	2023	**2024**	2023
	Notes	**$**	$	**$**	$
Net earnings		**24,606**	31,194	**40,155**	53,776
Other comprehensive income (loss) that will be reclassified to net earnings					
Exchange differences on translation of foreign operations	5	**1,551**	(86)	**1,244**	1,893
Comprehensive income		**26,157**	31,108	**41,399**	55,669
Comprehensive income attributable to:					
Shareholders of the Corporation		**24,983**	30,635	**39,905**	54,997
Non-controlling interests		**1,174**	473	**1,494**	672
		26,157	31,108	**41,399**	55,669

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended May 31 [In thousands of dollars]
[Unaudited]

	Attributable to shareholders of the Corporation						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Notes	4			5			
Balance as at November 30, 2022	61,829	8,400	719,185	27,743	817,157	2,665	819,822
Net earnings	—	—	53,104	—	53,104	672	53,776
Other comprehensive income	—	—	—	1,893	1,893	—	1,893
Comprehensive income	—	—	53,104	1,893	54,997	672	55,669
Shares repurchased	(22)	—	(751)	—	(773)	—	(773)
Stock options exercised	3,232	(595)	—	—	2,637	—	2,637
Share-based compensation expense	—	1,635	—	—	1,635	—	1,635
Dividends *[note 9]*	—	—	(16,741)	—	(16,741)	—	(16,741)
Other liabilities	—	—	—	—	—	(404)	(404)
	3,210	1,040	(17,492)	—	(13,242)	(404)	(13,646)
Balance as at May 31, 2023	65,039	9,440	754,797	29,636	858,912	2,933	861,845
Balance as at November 30, 2023	**72,289**	**9,040**	**794,971**	**28,593**	**904,893**	**3,264**	**908,157**
Net earnings	**—**	**—**	**38,661**	**—**	**38,661**	**1,494**	**40,155**
Other comprehensive income	**—**	**—**	**—**	**1,244**	**1,244**	**—**	**1,244**
Comprehensive income	**—**	**—**	**38,661**	**1,244**	**39,905**	**1,494**	**41,399**
Shares repurchased	**(633)**	**—**	**(18,006)**	**—**	**(18,639)**	**—**	**(18,639)**
Stock options exercised	**2,195**	**(414)**	**—**	**—**	**1,781**	**—**	**1,781**
Share-based compensation expense	**—**	**1,448**	**—**	**—**	**1,448**	**—**	**1,448**
Dividends *[note 9]*	**—**	**—**	**(16,840)**	**—**	**(16,840)**	**(1,090)**	**(17,930)**
Other liabilities	**—**	**—**	**—**	**—**	**—**	**273**	**273**
Acquisition of non-controlling interests *[note 3]*	**—**	**—**	**(548)**	**—**	**(548)**	**(1,756)**	**(2,304)**
	1,562	**1,034**	**(35,394)**	**—**	**(32,798)**	**(2,573)**	**(35,371)**
Balance as at May 31, 2024	**73,851**	**10,074**	**798,238**	**29,837**	**912,000**	**2,185**	**914,185**

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six-month periods ended May 31 [In thousands of dollars]
[Unaudited]

	Notes	For the three months ended May 31, 2024 $	For the three months ended May 31, 2023 $	For the six months ended May 31, 2024 $	For the six months ended May 31, 2023 $
OPERATING ACTIVITIES					
Net earnings		**24,606**	31,194	**40,155**	53,776
Items not affecting cash					
Amortization of property, plant and equipment, and right-of-use assets		**14,514**	12,081	**28,547**	23,454
Amortization of intangible assets		**2,698**	2,695	**5,340**	5,432
Deferred taxes		**(695)**	(258)	**(1,134)**	(753)
Share-based compensation expense	4	**851**	1,045	**1,448**	1,635
Net Financial costs		**3,091**	4,033	**5,608**	7,864
		45,065	50,790	**79,964**	91,408
Net change in non-cash working capital balances		**10,652**	23,582	**(23,733)**	1,747
		55,717	74,372	**56,231**	93,155
FINANCING ACTIVITIES					
Repayment of long-term debt		**(393)**	(120)	**(2,082)**	(4,604)
Payment of lease obligations		**(10,012)**	(8,552)	**(19,681)**	(15,640)
Dividends paid to shareholders of the Corporation	9	**(8,422)**	(8,373)	**(16,840)**	(16,741)
Interest paid on bank overdraft		**(706)**	(2,389)	**(1,068)**	(4,720)
Other dividends paid		**(875)**	—	**(1,090)**	—
Common shares issued		**491**	1,622	**1,781**	2,637
Common shares repurchased for cancellation		**(18,639)**	—	**(18,639)**	(773)
		(38,556)	(17,812)	**(57,619)**	(39,841)
INVESTING ACTIVITIES					
Business acquisitions	3	**(9,583)**	(4,212)	**(16,998)**	(20,004)
Additions to property, plant and equipment, and intangible assets		**(11,194)**	(7,798)	**(19,240)**	(14,258)
		(20,777)	(12,010)	**(36,238)**	(34,262)
Effect of exchange rate changes on cash and cash equivalents		**(598)**	78	**(496)**	(125)
Net change in cash and cash equivalents (bank overdraft)		**(4,214)**	44,628	**(38,122)**	18,927
Cash and cash equivalents (bank overdraft), beginning of period		**(10,198)**	(137,689)	**23,710**	(111,988)
Cash and cash equivalents (bank overdraft), end of period		**(14,412)**	(93,061)	**(14,412)**	(93,061)
Supplementary information					
Income taxes paid		**10,505**	19,864	**25,945**	41,933

See accompanying notes to the interim consolidated financial statements.

NATURE OF BUSINESS

Richelieu Hardware Ltd. (the "Corporation") is incorporated under the laws of Quebec, Canada. The Corporation is an importer, manufacturer and a distributor of specialty hardware and complementary products. Its products target an extensive customer base of kitchen and bathroom cabinet, storage and closet, home furnishing and office furniture manufacturers, door and window 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"), and 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, 2023, and for the year then ended, and their preparation 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 annual consolidated financial statements and the accompanying notes included in the Corporation's annual report for the fiscal year ended November 30, 2023.

2. CHANGES IN ACCOUNTING METHODS

In May 2021, the IASB amended IAS 12, Income Taxes, to narrow the scope of the recognition exemption so that it does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to fiscal years beginning on or after January 1, 2023. The application of these amendments to IAS 12 did not have a significant impact on the Corporation's interim consolidated financial statements.

3. BUSINESS ACQUISITIONS

2024

Effective December 1, 2023, the Corporation acquired all issued and outstanding shares of Olympic Forest Products Inc., a distributor of specialized lumber and panel products operating one distribution centre in Erin, ON.

Effective January 1, 2024, the Corporation acquired from minority shareholders an additional 15% interest in the voting shares of Provincial Woodproducts Ltd, thereby increasing its interest to 100%.

Effective January 15, 2024, the Corporation acquired the principal net assets of Rapid Start, a distributor of specialized hardware operating one distribution centre in Rittman, OH.

Effective March 27, 2024, the Corporation acquired the principal net assets of Allegheny Plywood, a distributor of specialized panels and decorative surfaces operating three distribution centres in Pittsburgh and Allentown, PA, and in Cleveland, OH.

Effective April 19, 2024, the Corporation acquired from minority shareholders an additional 5% interest in the voting shares of Menuiserie des Pins Ltd, thereby increasing its interest to 90%.

Sales of $17.4 million have been generated by these acquisitions since their completion. Had these acquisitions been made on December 1, 2023, management believes that sales included in the consolidated statement of earnings would have totalled approximately $33.5 million.

2023

Effective January 1, 2023, the Corporation acquired, through a newly formed subsidiary, 100% of all issued and outstanding shares of both Usimm Inc. and Unigrav Inc., two 3D scanning providers offering custom-made products for the architectural and industrial market, in partial consideration for which an interest equivalent to 25% of the share capital of the newly formed subsidiary was issued to sellers. The offices of Usimm and Unigrav are located, respectively, in Montreal and Drummondville, QC.

Effective January 4, 2023, the Corporation acquired all issued and outstanding shares of Quincaillerie Rabel Inc., a specialty hardware distributor operating one distribution centre in Terrebonne, QC.

Effective January 6, 2023, the Corporation acquired all issued and outstanding shares of Trans-World Distributing Ltd., a distributor of industrial fasteners for the industrial market operating one distribution centre in Dartmouth, NS.

Effective April 3, 2023, the Corporation acquired the principal net assets of Maverick Hardware, a distributor of specialized hardware operating one distribution centre in Eugene, OR.

Effective April 30, 2023, the Corporation acquired the principal net assets of Westlund Distributing, a distributor of specialized hardware operating one distribution centre in Monticello, MN.

Summary of Acquisitions

The preliminary purchase price allocations, as of the date of the transactions, are summarized as follows:

	2024
	$
Current assets acquired	15,133
Property, plant and equipment, and right-of-use assets	3,622
Intangible assets	5,055
Goodwill	3,679
	27,489
Current liabilities assumed	(4,823)
Non-current liabilities assumed	(3,221)
Deferred tax liabilities	(857)
Net assets acquired	18,588
Consideration	
Cash, net of cash acquired	15,242
Consideration payable	3,346
	18,588

Goodwill deductible for tax purposes with regard to these acquisitions amounts to $0.8 million.

Preliminary purchase price allocations are subject to fair value adjustments to assets, liabilities and goodwill until the estimation process is complete. The final purchase price allocation should be completed as soon as management has gathered all the information available and deemed necessary to finalize the calculation, in particular for intangible assets, no later than 12 months after the acquisition date.

4. SHARE CAPITAL

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 the series, the characteristics of which are to be determined by the Board of Directors.

Changes in common shares are summarized as follows:

	Number of shares (In thousands)	$
Outstanding, November 30, 2022	55,786	61,829
Issued	324	10,482
Repurchased	(20)	(22)
Outstanding, November 30, 2023	**56,090**	**72,289**
Issued	**70**	**2,195**
Repurchased	**(481)**	**(633)**
Outstanding, May 31, 2024	**55,679**	**73,851**

During the six-month period ended May 31, 2024, the Corporation issued 70,075 common shares [2023 - 323,575] at an average exercise price of $25.41 per share [2023 - $26.43] pursuant to the exercise of stock options under the stock option plan. In addition, the Corporation repurchased 480,820 common shares for cancellation for a consideration of $18,639 [20,000 common shares for a consideration of $773 in 2023], which resulted in a redemption premium in the amount of $18,006 recognized as a reduction of retained earnings [premium of $751 in 2023].

Stock Option Plan

Changes in stock options are summarized as follows:

	Number of options (In thousands)	Weighted average exercise price $
Outstanding, November 30, 2022	1,680	30.50
Granted	307	37.39
Exercised	(324)	26.43
Cancelled	(41)	37.63
Outstanding, November 30, 2023	**1,622**	**32.44**
Granted	**289**	**46.66**
Exercised	**(70)**	**25.41**
Cancelled	**(19)**	**30.74**
Outstanding, May 31, 2024	**1,822**	**34.97**

Stock options granted during the six-month period ended May 31, 2024 have an average fair value of $11.48 per option [2023 - $9.18] as determined using the Black & Scholes option pricing model with an expected dividend yield of 1.3% [2023 - 1.4%], expected volatility of 24.4% [2023 - 24.3%], a risk-free interest rate of 3.36% [2023 - 2.75%] and an expected life of 6.12 years [2023 - 6.46 years]. For the three and six-month periods ended May 31, 2024, the compensation expense related to stock options amounted to $851 and $1,448 [2023 - $1,045 and $1,635] and was recognized under *Operating expenses excluding amortization*. As at May 31, 2024, the exercise price of stock options outstanding varied between $18.83 and $46.66 [between $12.71 and $43.57 as at November 30, 2023].

Deferred Share Unit Plan (DSU)

The $7,093 liability resulting from the DSU plan [November 30, 2023 - $7,500] was recognized under *Accounts payable and accrued liabilities*. As at May 31, 2024, the fair value of the swaps amounted to a liability of $462 [November 30, 2023 - an asset of $178] recognized under *Accounts payable and accrued liabilities*. The Corporation classified the fair value measurement in Level 2, as it is derived from observable market data. Compensation expense for the DSUs for the three and six-month periods ended May 31, 2024 amounted to $360 and $711 [2023 - $294 and $319] and was recognized under *Operating expenses excluding amortization*.

Share Purchase Plan

Compensation expense related to the share purchase plan amounted to $349 and $661 for the three and six-month periods ended May 31, 2024 [2023 - $294 and $584] and was recognized under *Operating expenses excluding amortization.*

Net Earnings Per Share

Basic and diluted net earnings per share were calculated based on the following number of shares:

(In thousands)	For the three months ended May 31, **2024**	2023	For the six months ended May 31, **2024**	2023
Weighted average number of shares outstanding - Basic	**56,011**	55,834	**56,061**	55,808
Dilutive effect under stock option plan	**318**	393	**360**	368
Weighted average number of shares outstanding - Diluted	**56,329**	56,227	**56,421**	56,176

For the three and six-month periods ended May 31, 2024, the computation of diluted net earnings per share did not take into account the weighted average of 539,875 [2023 - anti-dilutive stock options 265,250] stock options since their exercise price, being higher than the average price of the shares for the period, would have had an anti-dilutive effect.

5. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income includes the following items and its changes are detailed as follows:

	For the three months ended May 31, **2024**	2023	For the six months ended May 31, **2024**	2023
	$	$	**$**	$
Balance, beginning of the period	**28,286**	29,722	**28,593**	27,743
Exchange differences on translation of foreign operations	**1,551**	(86)	**1,244**	1,893
Balance, end of the period	**29,837**	29,636	**29,837**	29,636

6. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

Fair Value

The carrying value of long-term debt approximates its fair value because of the short maturity on balances of sale payable. The Corporation classified 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 the United States. 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 May 31, 2024, is deemed acceptable given the industry in which the Corporation operates.

The Corporation performs ongoing credit evaluations of customers and generally does not require collateral. The allowance for doubtful accounts increased by $486 and $1,016 [2023 - $623 and $1,142] during the three and six-month periods ended May 31, 2024, to a total of $7,765 as at May 31, 2024 [November 30, 2023 - $6,749].

Market Risk

The Corporation's foreign currency exposure arises from purchases and sales transacted mainly in US dollars and in euros. Operating expenses include, for the three and six-month periods ended May 31, 2024, exchange gains of $320 and $1,025 respectively [2023 - foreign exchange loss of $391 and foreign exchange gain of $643].

As part of its business practices, the Corporation aims to preserve the purchase costs and the selling prices of its commercial activities. To protect its operations from exposure to exchange rate risks, the Corporation uses, among other things, centralized cash flow management. The Corporation may also periodically use forward foreign exchange contracts. By implementing these measures, the Corporation seeks to protect operating results from exposure to exchange rate fluctuations. The Corporation's business practices in terms of foreign exchange risk management does not allow for speculative trades.

As at May 31, 2024, a decrease (increase) of 5% in the Canadian dollar against the US dollar and the euro on translation of monetary assets and liabilities, all other variables remaining the same, would have increased (decreased) consolidated net earnings by $1,143 [May 31, 2023 - $1,598] and would have increased (decreased) other comprehensive income by $11,497 [May 31, 2023 - $9,865]. The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Corporation's financial instruments as at May 31, 2024.

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, as required. In recent years, the Corporation has financed its growth, its acquisitions, its share redemptions and its payout to shareholders using mainly cash generated by operating activities and through its lines of credits when necessary.

The Corporation has an authorized line of credit of C$85 million [November 30, 2023 - C$150 million] as well as a line of credit of US$56 million [November 30, 2023 - US$56 million]. The restrictive conditions and covenants remain unchanged.

Interest Rate Risk

The Corporation is exposed to interest rate risk associated with the use of its lines of credit.

As at May 31, 2024, and 2023 (Amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

Operating Expenses Excluding Amortization

	For the three months ended May 31,		For the six months ended May 31,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Inventories from distribution, importing and manufacturing activities recognized as an expense	**361,915**	345,961	**671,283**	643,102
Salaries and related expenses	**64,101**	61,448	**120,477**	114,918
Other expenses	**1,627**	3,157	**2,323**	6,478
	427,643	410,566	**794,083**	764,498

For the three and six-month periods ended May 31, 2024, expenses of $921 and $2,311 [2023 - $1,566 and $3,077] for inventory obsolescence were included in Inventories from the distribution, importing and manufacturing activities recognized as an expense.

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;
- Provide an adequate shareholders' return.

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 May 31, 2024, the Corporation achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 0.7% [0.6% as at November 30, 2023] [Long-term debt/equity]
- Return on average shareholders' equity of 11.0% over the last 12 months [12.9% for the year ended November 30, 2023]

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

8. GEOGRAPHIC INFORMATION

During the three and six-month periods ended May 31, 2024, nearly 57% of sales were made in Canada [2023 - 58%]. The Corporation's sales in foreign countries, almost all in the United States, amounted to $205,123 and $379,950 [2023 - $192,551 and $364,675] in Canadian dollars, and to $150,469 and $280,418 [2023 - $141,919 and $269,585] in US dollars.

As at May 31, 2024, of the total amount of property, plant and equipment, $31,024 [November 30, 2023 - $29,707] were located in the United States. In addition, intangible assets located in the United States amounted to $27,171 [November 30, 2023 - $27,330] and goodwill amounted to $32,539 [November 30, 2023 - $31,605] in Canadian dollars and to $19,925 [November 30, 2023 - $20,122] and $23,861 [November 30, 2023 - $23,270] respectively, in US dollars. Of the total amount of right-of-use assets, $112,948 [November 30, 2023 - $108,477] were located in the United States.

9. DIVIDENDS PAID TO SHAREHOLDERS OF THE CORPORATION

For the three and six-month periods ended May 31, 2024, the Corporation paid dividends of $8,422 and $16,840 to holders of common shares [2023 - $8,373 and $16,741], representing a quarterly dividend of $0.15 per common share [quarterly dividend of $0.15 per common share in 2023].

10. APPROVAL OF FINANCIAL STATEMENTS

The interim consolidated financial statements for the three and six-month periods ended May 31, 2024 (including the comparative figures) were approved for issue by the Board of Directors on July 11, 2024.

11. COMPARATIVE FIGURES

Some figures disclosed for the three and six-month periods ended May 31, 2023, have been reclassified to conform to the presentation adopted for the three and six-month periods ended May 31, 2024.