



Q3

Quarterly Report

Three and nine-month periods ended August 31, 2024

MESSAGE TO SHAREHOLDERS

With a business model well-aligned to customer needs and supported by robust strategies for innovation, market penetration, and diversification, Richelieu has continued to generate sales growth in the third quarter. This performance is attributed to a significant increase in the manufacturers' market, particularly in the United States, along with a strong contribution from recent acquisitions. This result is particularly noteworthy given the current market context and one fewer business day compared to the same period in 2023. After completing three acquisitions since the beginning of the year, the Corporation signed four agreements in principle during the quarter, two in Canada and two in the United States.

Up 1.9% from the third quarter of 2023, total sales reached \$467.7 million, including growth from acquisitions of 3.2% and a 1.3% internal decline. In the manufacturers' market, the Corporation achieved sales of \$415.3 million, representing a substantial increase of 4.9% compared to the same quarter of 2023, driven by 0.5% growth in Canada and a 7.5% (in US\$) rise in the United States, realized across most market segments thanks to the benefits of recent acquisitions. In the retailer and renovation superstores market the Corporation achieved sales of \$52.4 million, a decrease of 16.8%, reflecting a decline of 13.4% in Canada and 30.4% (US\$) in the United States.

Since the beginning of the fiscal year, Richelieu has reported total sales of \$1.36 billion, a 1.6% increase compared to the first nine months of 2023, with a 0.8% internal decline offset by 2.4% growth from acquisitions.

The same temporary factors affecting previous periods have continued to exert pressure on gross and EBITDA margins, including inventories at purchase costs higher than current purchase costs, price decreases on certain products primarily sourced from Asia, and the start-up and development of several expanded and modernized distribution centres in 2023. Consequently, EBITDA for the third quarter amounted to \$53.0 million, down 13.2% compared to the same quarter of 2023 and the EBITDA margin was 11.3% compared to 13.3% last year. Net earnings attributable to shareholders were \$0.41 per diluted share, compared to \$0.53 in the third quarter of 2023.

For the first nine months of 2024, EBITDA totaled \$147.2 million, down 14.2%, with an EBITDA margin of 10.9%, compared to 12.9% for the corresponding period in 2023. Net earnings attributable to shareholders amounted to \$61.4 million, or \$1.09 per diluted share, compared to \$82.9 million, or \$1.47 per diluted share, for the comparable period in 2023.

CONTINUATION OF THE ACQUISITION STRATEGY, OPTIMIZATION OF THE DISTRIBUTION CENTRE NETWORK, AND OUTLOOK

The Corporation continues to integrate the acquisitions made since the beginning of the fiscal year, namely Allegheny Plywood and Rapid Start in the United States, as well as Olympic Forest in Ontario. Richelieu plans to finalize four new acquisitions in Canada and the United States shortly, for which the agreements in principle have already been signed.

As part of its North American network optimization initiatives, Richelieu consolidated two distribution centres located in the New York area and on the West Coast of Florida during the quarter.

The current housing shortage in Canada and the United States will lead to increased demand for specialized products, thereby presenting significant development opportunities for Richelieu in the upcoming periods. The Corporation enjoys an excellent position with a North American network of 112 strategically located centres, an efficient business model, a diverse offering, a trilingual website (richelieu.com), an innovation strategy, and distinctive value-added service. Its team of experts is mobilized to capitalize on these opportunities with a pragmatic market approach.

NEXT DIVIDEND PAYMENT

On October 10, 2024, the Board of Directors approved the payment of a quarterly dividend of \$0.15 per share. This dividend will be paid on November 7, 2024, to shareholders of record as at October 24, 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 third quarter and first nine months ended August 31, 2024, in comparison with the third quarter and first nine months ended August 31, 2023, as well as the Corporation's financial position as at August 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 third quarter and first nine 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 August 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 October 10, 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 third quarter and first nine months ended August 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 the assumption that economic conditions and exchange rates will not significantly deteriorate, that operating costs will not increase significantly, that supplies will be sufficient to fulfill 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.

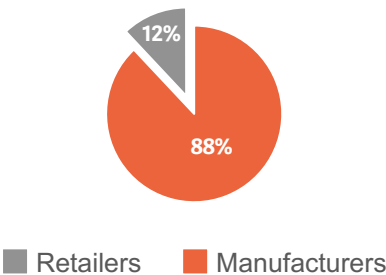
Richelieu's actual results could differ materially from those indicated in or underlying these forward-looking statements. The reader is therefore cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items,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

Sales by market Q3-2024



Richelieu's offer	112 interconnected centres
Over 145,000 different items	48 DISTRIBUTION CENTRES IN CANADA
More than 120,000 active customers	61 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 cabinets, 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 a 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.

THIRD QUARTER HIGHLIGHTS AND KEY FINANCIAL DATA

- **Sales** of \$467.7M, up 1.9%, including \$264.6M in Canada and US\$148.4M in the United States, up 4.8% (US\$).
- **EBITDA**¹ of \$53.0M - EBITDA margin of 11.3%.
- **Net earnings attributable to shareholders** of \$22.7M, or \$0.41 per diluted share.
- **Adjusted cash flows from operating activities**¹ of \$42.7M.
- **Agreements in principle** signed for four new acquisitions in Canada and the U.S.

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. This new facility will enhance its service capacity and optimize operations, centralizing distribution activities for the retailers market in Western Canada, which will now be served from Calgary. The Corporation has also begun optimizing distribution operations for the retailers market in Ontario and Eastern Canada. These projects are ongoing and have already involved the transfer of operations from two distribution centres. During the quarter, Richelieu also consolidated two distribution centres located in the New York area and on the West coast of Florida.

¹ Financials measures not IFRS compliant. Refer to non-IFRS section.

OPERATING AND CASH FLOW INFORMATION (unaudited)

	Quarters ended August 31			Nine months ended August 31		
	2024	2023	Δ %	2024	2023	Δ %
<i>(in millions of dollars, except margins and per share data)</i>						
Sales	467.7	459.0	1.9	1,356.0	1,334.1	1.6
EBITDA ¹	53.0	61.0	(13.2)	147.2	171.6	(14.2)
EBITDA margin (%)	11.3	13.3		10.9	12.9	
Net earnings attributable to shareholders of the Corporation	22.7	29.8	(23.9)	61.4	82.9	(26.0)
• basic per share (\$)	0.41	0.53	(22.6)	1.10	1.49	(26.2)
• diluted per share (\$)	0.41	0.53	(22.6)	1.09	1.47	(25.9)
Adjusted cash flows from operating activities ¹	42.7	49.8	(14.2)	122.7	141.2	(13.1)
• diluted per share (\$) ¹	0.76	0.88	(13.6)	2.18	2.51	(13.1)
Dividends paid per share (\$)	0.15	0.15	—	0.45	0.45	—
Weighted average number of shares outstanding (diluted, in thousands)	55,972	56,346		56,260	56,225	

DATA ON THE FINANCIAL SITUATION

	As at August 31, 2024	As at November 30, 2023	Δ %
<i>(in millions of dollars, except ratios)</i>			
Total assets	1,374.3	1,315.0	4.5
Working capital	632.0	621.8	1.6
Current ratio	3.5:1	3.6:1	
Equity attributable to shareholders	925.1	904.9	2.2
Average return on shareholders' equity (%)	10.0	12.9	
Book value per share (\$)	16.60	16.13	2.9
Total debt	6.4	5.3	20.4
Net cash and cash equivalents	11.3	23.7	

CA\$ / US\$ EXCHANGE RATES

The following table presents the average exchange rates applicable to the third quarter and the first nine months ended August 31, 2024 and 2023, as well as the closing rates on August 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 elements of the statements of financial position and results 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 establishments and the monetary assets and liabilities in foreign currencies of Canadian operations.

Average rates for the quarters ended August 31		Average rates for the nine months periods ended August 31		Closing rates	
2024	2023	2024	2023	As at August 31, 2024	As at November 30, 2023
1.369	1.333	1.360	1.346	1.349	1.358

¹ Financials measures not IFRS compliant. Refer to non-IFRS section.

ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2024, COMPARED WITH THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2023

(in millions of dollars, except per share data)	Quarters ended August 31			Nine months ended August 31		
	2024	2023	Δ %	2024	2023	Δ %
Sales	467.7	459.0	1.9	1,356.0	1,334.1	1.6
Operating expenses excluding amortization	414.8	398.0	4.2	1,208.9	1,162.5	4.0
EBITDA	53.0	61.0	(13.2)	147.2	171.6	(14.2)
Amortization of property, plant and equipment and right-of-use assets	14.6	13.0	12.5	43.2	36.4	18.4
Amortization of intangible assets	2.7	2.7	1.8	8.1	8.1	(0.5)
Net financial costs	3.0	3.1	(4.2)	8.6	11.0	(21.7)
	20.4	18.8	8.2	59.9	55.6	7.7
Earnings before income taxes	32.6	42.1	(22.7)	87.3	116.0	(24.8)
Income taxes	8.6	11.5	(25.0)	23.2	31.6	(26.6)
Net earnings	24.0	30.7	(21.8)	64.1	84.4	(24.1)

Net earnings attributable to:						
Shareholders of the Corporation	22.7	29.8	(23.9)	61.4	82.9	(26.0)
Non-controlling interests	1.3	0.8	50.4	2.8	1.5	82.4

Net earnings per share attributable to shareholders of the Corporation						
Basic	0.41	0.53	(22.6)	1.10	1.49	(26.2)
Diluted	0.41	0.53	(22.6)	1.09	1.47	(25.9)

Sales

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

Quarters ended August 31			Δ %		
(in millions of dollars, except exchange rates)	2024	2023			
			Total	Internal	Acquisitions
Consolidated	467.7	459.0	1.9	(1.3)	3.2
Manufacturers	415.3	396.0	4.9	1.2	3.7
Retailers	52.4	63.0	(16.8)	(16.8)	—
Canada	264.6	270.1	(2.0)	(3.5)	1.5
Manufacturers	221.9	220.8	0.5	(1.4)	1.9
Retailers	42.7	49.3	(13.4)	(13.4)	—
United States in US\$	148.4	141.6	4.8	(0.6)	5.4
Manufacturers	141.3	131.4	7.5	1.8	5.7
Retailers	7.1	10.2	(30.4)	(30.4)	—
United States in CA\$	203.1	188.9	7.5		
Average exchange rates	1.369	1.333			

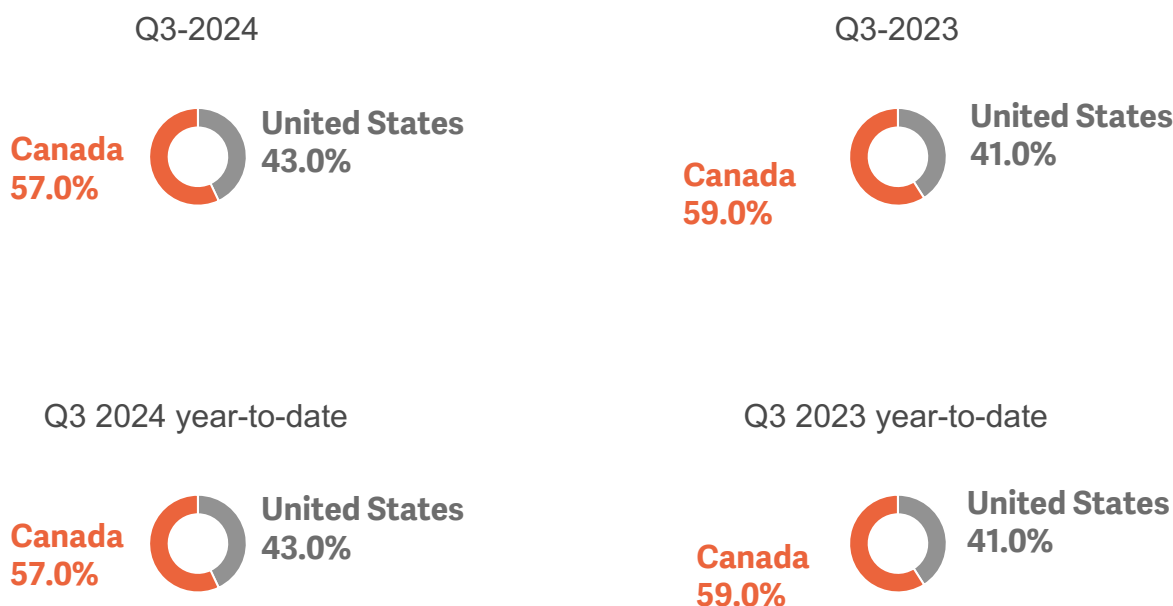
For the **third quarter** ended August 31, 2024, consolidated sales were \$467.7M, compared to \$459.0M for the third quarter of 2023, an increase of \$8.7M, or 1.9%, resulting from a positive contribution from acquisitions of 3.2% and an internal decrease of 1.3%. In currency comparable to that of the third quarter of 2023, the increase in consolidated sales would have been 0.8% for the quarter ended August 31, 2024.

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

Nine months ended August 31 (in millions of dollars)	2024	2023	Δ %		
			Total	Internal	Acquisitions
Consolidated	1,356.0	1,334.1	1.6	(0.8)	2.4
Manufacturers	1,192.8	1,150.4	3.7	0.9	2.8
Retailers	163.2	183.7	(11.2)	(11.2)	—
Canada	773.0	780.6	(1.0)	(2.7)	1.7
Manufacturers	642.0	636.7	0.8	(1.3)	2.1
Retailers	131.0	143.9	(9.0)	(9.0)	—
United States in US\$	428.8	411.2	4.3	0.9	3.4
Manufacturers	405.1	381.7	6.1	2.5	3.6
Retailers	23.7	29.5	(19.7)	(19.7)	—
United States in CA\$	583.0	553.5	5.3		
Average exchange rates	1.360	1.346			

In the **first nine months** of 2024, consolidated sales reached \$1.4B, up \$21.9M or 1.6% over the first nine months of 2023, of which 2.4% from acquisitions and 0.8% from an internal decrease. In currency comparable to that of the corresponding period of 2023, the increase in consolidated sales would have been 1.2%.

Breakdown of sales by major markets (in Canadian dollars)



Operating expenses excluding amortization

For the quarter ended August 31, 2024, operating expenses excluding amortization totalled \$414.8M, representing 88.7% of sales, compared to \$398.0M, or 86.7% of sales, for the same period in 2023. The increase in monetary terms and as a percentage of sales reflects the growth in sales and higher costs of goods sold in certain product categories, primarily sourced from Asia, along with operating expenses related to consolidation and expansion projects that are still in the start-up phase.

For the first nine months of the year, operating expenses excluding amortization totalled \$1.21B, representing 89.1% of sales, compared to \$1.16B, or 87.1% of sales, for the same period in 2023. The variations in monetary terms and as a percentage of sales reflect the aforementioned elements.

Earnings before income taxes, interest, and amortization (EBITDA)

EBITDA for 2024 **third quarter** was \$53.0M, down \$8.0M or 13.2% 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 consolidation and expansion projects. As a result, the EBITDA margin was 11.3%, compared with 13.3% for the corresponding quarter of 2023.

EBITDA **for the first nine months** was \$147.2M, down \$24.4M or 14.2% from the corresponding nine-month period of 2023.

Amortization and net financial costs

Amortization expense for the **third quarter** of 2024 amounted to \$17.4M, up \$1.7M 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 \$3.0M for this quarter of 2024, compared to \$3.1M in 2023, a decrease of \$0.1M.

For the first nine months of 2024, amortization expense amounted to \$51.2M, up \$6.6M over the corresponding period of 2023. Net financial costs were \$8.6M in the first nine months of 2024, compared to \$11.0M for the corresponding period in 2023, a decrease of \$2.4M resulting from the repayment of lines of credit.

Income taxes

For the third quarter of 2024, income tax expense was \$8.6M, compared to an expense of \$11.5M in the same period last year, representing effective tax rates of 27%.

For the first nine-month period, income tax expense was \$23.2M compared to \$31.6M in 2023, representing effective tax rates of 27%.

Net earnings and comprehensive income

Third quarter net earnings were \$24.0M, a decrease of 21.8% from the corresponding quarter of 2023. Including non-controlling interests, net earnings attributable to shareholders of the Corporation were \$22.7M, a decrease of 23.9% from Q3 2023. Net earnings per share were \$0.41, basic and diluted, compared to \$0.53, basic and diluted, for Q3 2023, a decrease of 22.6%.

For the first nine-month period, net earnings attributable to shareholders of the Corporation were \$61.4M, down 26.0% from the prior year. Net earnings per share were \$1.10 basic and \$1.09 diluted, compared to \$1.49 basic and \$1.47 diluted for the same period of 2023, representing a decrease of 26.2% and 25.9%, respectively.

Comprehensive income amounted to \$20.6M, reflecting a negative adjustment of \$3.4M on translation of the financial statements of the subsidiary in the United States, compared to \$29.3M for the same period in 2023, which reflected a negative adjustment of \$1.4M on translation of the financial statements of the subsidiary in the United States. For **the first nine months**, comprehensive income totalled \$62.0M, compared to \$84.9M for the corresponding nine-month period of 2023.

Quarterly data

(in millions of dollars, except per share data)				
2024	Q1	Q2	Q3	Q4
Sales	406.9	481.4	467.7	
EBITDA	40.4	53.8	53.0	
Net earnings attributable to shareholders of the Corporation	15.2	23.4	22.7	
• basic per share (\$)	0.27	0.42	0.41	
• diluted per share (\$)	0.27	0.42	0.41	
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 third quarter and the first nine months ended August 31, 2024

(in millions of dollars)	Quarters ended August 31		Nine months ended August 31	
	2024	2023	2024	2023
Cash flows provided by (used in):				
Operating activities	50.2	104.8	106.4	198.0
Financing activities	(18.4)	(18.2)	(76.1)	(58.0)
Investing activities	(6.2)	(8.3)	(42.4)	(42.5)
Effect of exchange rate changes on cash and cash equivalents	0.2	0.2	0.3	0.1
Net change in cash and cash equivalents (bank overdraft)	25.7	78.6	(12.4)	97.5
Cash and cash equivalents (bank overdraft), beginning of period	(14.4)	(93.1)	23.7	(112.0)
Cash and cash equivalents (bank overdraft), end of period	11.3	(14.5)	11.3	(14.5)

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

(in millions of dollars)	Quarters ended August 31		Nine months ended August 31	
	2024	2023	2024	2023
Cash flow from operating activities	50.2	104.8	106.4	198.0
Net change in non-cash working capital balances (inflow)	(7.5)	(55.0)	16.3	(56.8)
Adjusted cash flows from operating activities	42.7	49.8	122.7	141.2

Operating activities

Third quarter adjusted cash flow from operating activities, (before net change in non-cash working capital balances), was \$42.7M or \$0.76 per diluted share compared to \$49.8M or \$0.88 per diluted share for the third quarter of 2023. This 13.6% decrease mainly reflects the decrease in net earnings. The net change in non-cash working capital items generated a cash inflow of \$7.5M, reflecting the changes in accounts receivable and payable of \$23.7M, while inventories used cash flows of \$16.2M. As a result, operating activities provided a cash inflow of \$50.2M, compared to a cash inflow of \$104.8M in Q3 2023.

For the first nine months, adjusted cash flow from operating activities, (before net change in non-cash working capital balances), was \$122.7M or \$2.18 per diluted share compared to \$141.2M or \$2.51 per diluted share for the first nine months of 2023. The net change in non-cash working capital items used cash flows of \$16.3M, mainly reflecting the change in accounts receivable, inventories, and other items which used cash flows of \$19.9M, while accounts payable represented a cash inflow of \$3.6M. As a result, operating activities generated a cash inflow of \$106.4M, compared to a cash inflow of \$198.0M in the first nine months of 2023.

Financing activities

In the **third quarter**, financing activities required a cash outflow of \$18.4M compared to \$18.2M in Q3 2023. During the quarter, the Corporation paid lease obligations of \$10.5M, distributed dividends to shareholders totaling \$8.4M, and paid interest on bank overdrafts amounting to \$0.7M, compared to lease payments of \$9.0M, dividend payments of \$8.4M, and interest on bank overdrafts of \$1.3M in the third quarter of 2023.

In the **first nine months**, cash flows from financing activities used cash flows of \$76.1M, compared to \$58.0M in the first nine months of 2023. The Corporation repaid long-term debt of \$2.3M, paid lease obligations of \$30.1M, and issued shares for \$3.0M, compared to a long-term debt repayment of \$4.7M, lease payments of \$24.7M and a \$3.9M share issue in the first nine months of 2023. Dividends paid to shareholders of the Corporation amounted to \$25.2M compared to \$25.1M in the same period of 2023 while common shares repurchased amounted to \$18.6M in the first nine months of 2024, compared to \$0.8M in 2023.

Investing activities

Investment activities amounted to \$6.2M during the **third quarter** primarily for the purchase of equipment aimed at maintaining and improving operational efficiency, compared to \$8.3M during the corresponding quarter of 2023.

For the first nine months, investment activities represented a total cash outflow of \$42.4M, including \$17.6M for business acquisitions completed during the first nine months and \$25.4M for the purchase of equipment aimed at maintaining and improving operational efficiency, as well as for distribution centre expansion projects, including investments related to the consolidation of the new Calgary centre.

Sources of financing

As at August 31, 2024, the net cash balance, was \$11.3M, compared to \$23.7M as at November 30, 2023. The Corporation had a **working capital** of \$632.0M, a ratio of 3.5:1, 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 August 31, 2024	As at November 30, 2023	Δ %
Current assets	889.2	859.5	3.5
Non-current assets	485.1	455.5	6.5
Total	1,374.3	1,315.0	4.5
Current liabilities	257.3	237.7	8.2
Non-current liabilities	189.6	169.1	12.1
Equity attributable to shareholders of the Corporation	925.1	904.9	2.2
Non-controlling interests	2.3	3.3	(29.5)
Total	1,374.3	1,315.0	4.5

Assets

Total assets were \$1.37B as at August 31, 2024, compared to \$1.31B as at November 30, 2023, an increase of 4.5%. Current assets increased by 3.5% or \$29.8M from November 30, 2023. Non-current assets increased by 6.5% mainly due to the addition of right-of-use assets.

Liabilities

Current liabilities amounted to \$257.3M as at August 31, 2024, up 8.2% from \$237.7M as at November 30, 2023. Non-current liabilities totalled \$189.6M as at August 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 \$925.1M as at August 31, 2024, compared to \$904.9M as at November 30, 2023, an increase of \$20.2M mainly due to increases of \$17.8M in retained earnings and \$4.5M in capital stock and contributed surplus, while accumulated other comprehensive income was down by \$2.1M. As at August 31, 2024, the book value per share was \$16.60, up 2.9% from November 30, 2023.

Share capital and stock options

As at August 31, 2024, the Corporation's share capital consisted of 55,722,695 common shares [56,088,365 common shares as at November 30, 2023]. For the three and nine-month periods ended August 31, 2024, the weighted average number of diluted shares outstanding was 55,971,750 and 56,260,000 [56,346,260 and 56,225,410 in 2023]. In addition, 1,771,150 stock options were outstanding as at August 31, 2024 [November 30, 2023 - 1,620,925].

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

Number of shares		Number of options	
Outstanding, November 30, 2023	56,088,365	Outstanding, November 30, 2023	1,620,925
Issued upon exercise of options	115,150	Exercised	(115,150)
Repurchased	(480,820)	Granted	289,000
Other	—	Cancelled	(23,625)
Outstanding, August 31, 2024	55,722,695	Outstanding, August 31, 2024	1,771,150

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 August 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 August 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 the Corporation's annual report for the fiscal year ended November 30, 2023, 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

October 10, 2024

Vice-President and Chief Financial Officer



Antoine Auclair