



PARTNER  
IN THE ART  
OF LIVING

Consolidated Financial Statements  
as at November 30, 2024



# Management's report

Related to the consolidated financial statements

# Independent auditor's report

The consolidated financial statements of Richelieu Hardware Ltd. (the "Corporation") are the responsibility of the Corporation's management. These consolidated financial statements have been prepared by management in accordance with IFRS and approved by the Board of Directors. The Corporation maintains accounting and internal control systems which, in management's opinion, reasonably ensure the accuracy of the financial information and maintain proper standards of conduct in the Corporation's activities. The Board of Directors fulfills its responsibility regarding the consolidated financial statements, primarily through its Audit Committee. This committee which meets periodically with the Corporation's managers and external auditors, has reviewed the consolidated financial statements of the Corporation and has recommended that they be approved by the Board of Directors.

The consolidated financial statements have been audited by the Corporation's external auditors, Ernst & Young LLP, Chartered Professional Accountants.

Montreal, Canada, January 16, 2025.

**(Signed) Richard Lord**  
President and Chief  
Executive Officer

January 16, 2025

**(Signed) Antoine Auclair**  
Chief Financial Officer and  
Chief Operating Officer

To the shareholders of **Richelieu Hardware Ltd.**

## Opinion

We have audited the consolidated financial statements of **Richelieu Hardware Ltd.** and its subsidiaries [the "Corporation"], which comprise the consolidated statements of financial position as at November 30, 2024 and 2023, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at November 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material

misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of customer relationships acquired through business acquisitions</p> <p>During the year-ended November 30, 2024, the Corporation made business acquisitions for an aggregate consideration of \$21.8 million. As part of these business acquisitions, the Corporation recognized customer relationship intangible assets with a combined fair value of \$5.8 million. The purchase price allocation related to these business acquisitions is disclosed in Note 3 to the consolidated financial statements.</p> <p>We identified the valuation of the acquisition-date fair value of the customer relationship intangible assets acquired in the business acquisitions as a key audit matter. The fair value of customer relationship intangible assets acquired is determined in reference to valuation inputs including estimates related to forecasted cash flows, such as revenue growth and earnings before interest, taxes, depreciation, and amortization [“EBITDA”] margins, as well as customer attrition and discount rates. These valuation inputs utilized in establishing the fair value of customer relationship intangible assets acquired require significant auditor judgment as well as the involvement of valuation specialists due to the sensitivity of the fair value conclusion to these significant assumptions.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> <li>■ Inspected the share and assets’ purchase agreements to obtain an understanding of all the transactions and the key terms;</li> <li>■ Involved our valuation specialists, on a sample basis, to assist in evaluating the valuation methodology selected by management, as well as validating the reasonableness of the discount rate used in the determination of the fair value of the customer relationships acquired;</li> <li>■ On a sample basis, evaluated the reasonableness of the significant valuation assumptions included within the forecasted cash flows, such as revenue growth, and EBITDA margins, as well as customer attrition, for which we reviewed historical financial data of the targets, and benchmarked against other acquisitions previously made by the Corporation;</li> <li>■ Performed sensitivity analyses on a sample basis, to test the sensitivity of the fair value conclusions to changes in significant assumptions such as revenue growth, customer attrition and discount rates;</li> <li>■ Evaluated the adequacy of the business acquisitions note disclosure included in Note 3 of the accompanying consolidated financial statements in relation to this matter.</li> </ul>

**Other information**

Management is responsible for the other information. The other information comprises:

- Management’s discussion and analysis; and
- The information, other than the consolidated financial statements and our auditor’s report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained management’s discussion and analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor’s report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.



### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Francis Guimond.

(Signed) Ernst & Young LLP  
Montreal, Canada  
January 16, 2025

1 CPA auditor, CA, public accountancy permit no. A118111

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at November 30 [in thousands of dollars]	Notes	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		41,389	46,327
Accounts receivable		240,138	219,264
Income taxes receivable		10,132	12,621
Inventories		598,674	572,351
Prepaid expenses		11,467	8,905
		901,800	859,468
<b>Non-current assets</b>			
Property, plant and equipment	4	89,253	78,053
Intangible assets	5	64,615	67,808
Right-of-use assets	10	185,024	167,124
Goodwill	5	140,396	135,089
Deferred taxes	9	13,041	7,421
		1,394,129	1,314,963
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank overdraft	6	53,673	22,617
Accounts payable and accrued liabilities	8	167,827	169,785
Income taxes payable	9	2,772	4,373
Current portion of long-term debt	7	3,533	2,940
Current portion of lease obligations	10	41,227	37,989
Other liabilities		19,844	–
		288,876	237,704
<b>Non-current liabilities</b>			
Long-term debt	7	2,369	2,406
Lease obligations	10	163,800	143,336
Deferred taxes	9	10,085	11,169
Other liabilities		–	12,191
		465,130	406,806
<b>Equity</b>			
Share capital	8	75,145	72,289
Contributed surplus	8	11,182	9,040
Retained earnings		801,879	794,971
Accumulated other comprehensive income	12	38,303	28,593
Equity attributable to shareholders of the Corporation		926,509	904,893
Non-controlling interests		2,490	3,264
		928,999	908,157
		1,394,129	1,314,963

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:



(Signed) Richard Lord  
Director



(Signed) Luc Martin  
Director



## CONSOLIDATED STATEMENTS OF EARNINGS

Years ended November 30 [in thousands of dollars, except earnings per share]	Notes	2024 \$	2023 \$
<b>Sales</b>		1,832,218	1,787,754
Operating expenses excluding amortization	8, 13	1,630,799	1,557,350
<b>Earnings before amortization, financial costs and income taxes</b>		201,419	230,404
Amortization of property, plant and equipment and right-of-use assets	4, 10	58,139	50,070
Amortization of intangible assets	5	10,819	10,857
Net financial costs	10	11,656	13,280
		80,614	74,207
<b>Earnings before income taxes</b>		120,805	156,197
Income taxes	9	31,325	42,370
<b>Net earnings</b>		89,480	113,827
<b>Net earnings attributable to:</b>			
Shareholders of the Corporation		85,754	111,474
Non-controlling interests		3,726	2,353
		89,480	113,827
<b>Net earnings per share attributable to shareholders of the Corporation</b>	8		
Basic		1.54	2.00
Diluted		1.53	1.98

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended November 30 [in thousands of dollars]	Notes	2024 \$	2023 \$
<b>Net earnings</b>		89,480	113,827
<b>Other comprehensive income that will be reclassified to net earnings</b>			
Exchange differences on translation of foreign operations	12	9,710	850
<b>Comprehensive income</b>		99,190	114,677
<b>Comprehensive income attributable to:</b>			
Shareholders of the Corporation		95,464	112,324
Non-controlling interests		3,726	2,353
		99,190	114,677

See accompanying notes to the consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Years ended November 30 [in thousands of dollars]

	Attributable to shareholders of the Corporation				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Contributed surplus \$	Retained earnings \$	Accumulated other comprehensive income \$			
<b>Notes</b>	8	8		12			
Balance as at November 30, 2022	61,829	8,400	719,185	27,743	817,157	2,665	819,822
Net earnings	–	–	111,474	–	111,474	2,353	113,827
Other comprehensive income	–	–	–	850	850	–	850
Comprehensive income	–	–	111,474	850	112,324	2,353	114,677
Shares repurchased	(22)	–	(751)	–	(773)	–	(773)
Stock options exercised	10,482	(1,930)	–	–	8,552	–	8,552
Share-based compensation expense	–	2,570	–	–	2,570	–	2,570
Dividends [note 17]	–	–	(33,521)	–	(33,521)	(817)	(34,338)
Other liabilities	–	–	–	–	–	(2,353)	(2,353)
Change in fair value of other liabilities	–	–	(1,416)	–	(1,416)	1,416	–
	10,460	640	(35,688)	–	(24,588)	(1,754)	(26,342)
Balance as at November 30, 2023	72,289	9,040	794,971	28,593	904,893	3,264	908,157
Net earnings	–	–	85,754	–	85,754	3,726	89,480
Other comprehensive income	–	–	–	9,710	9,710	–	9,710
Comprehensive income	–	–	85,754	9,710	95,464	3,726	99,190
Shares repurchased	(1,342)	–	(37,365)	–	(38,707)	–	(38,707)
Stock options exercised	4,198	(753)	–	–	3,445	–	3,445
Share-based compensation expense	–	2,895	–	–	2,895	–	2,895
Dividends [note 17]	–	–	(33,503)	–	(33,503)	(2,465)	(35,968)
Acquisition of interests from minority shareholders [note 3]	–	–	(383)	–	(383)	(1,942)	(2,325)
Change in fair value of other liabilities	–	–	(7,595)	–	(7,595)	(93)	(7,688)
	2,856	2,142	(78,846)	–	(73,848)	(4,500)	(78,348)
Balance as at November 30, 2024	75,145	11,182	801,879	38,303	926,509	2,490	928,999

See accompanying notes to the consolidated financial statements.



## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended November 30 [in thousands of dollars]

	Notes	2024 \$	2023 \$
<b>OPERATING ACTIVITIES</b>			
Net earnings		89,480	113,827
Items not affecting cash and cash equivalent			
Amortization of property, plant and equipment and right-of-use assets	4, 10	58,139	50,070
Amortization of intangible assets	5	10,819	10,857
Deferred taxes	9	(7,294)	(121)
Share-based compensation expense	8	2,895	2,570
Net financial costs		11,656	13,280
		165,695	190,483
Net change in non-cash working capital balances		(32,140)	80,174
		133,555	270,657
<b>FINANCING ACTIVITIES</b>			
Repayment of long-term debt		(3,205)	(5,306)
Payment of lease obligations	10	(41,100)	(34,108)
Interest paid on bank overdraft		(2,332)	(6,387)
Dividends paid to shareholders of the Corporation	17	(33,503)	(33,521)
Other dividends paid		(2,465)	(817)
Common shares issued	8	3,445	8,552
Common shares repurchased for cancellation	8	(38,707)	(773)
		(117,867)	(72,360)
<b>INVESTING ACTIVITIES</b>			
Business acquisitions	3	(20,290)	(19,694)
Additions to property, plant and equipment and intangible assets	4, 5	(30,552)	(42,093)
		(50,842)	(61,787)
Effect of exchange rate changes on cash and cash equivalents		(840)	(812)
<b>Net change in cash and cash equivalents (net bank overdraft)</b>		<b>(35,994)</b>	<b>135,698</b>
Net cash and cash equivalents (net bank overdraft), beginning of year		23,710	(111,988)
<b>Net cash and cash equivalents and (net bank overdraft), end of year</b>		<b>(12,284)</b>	<b>23,710</b>
<b>Supplementary information</b>			
Income taxes paid		37,549	61,488

See accompanying notes to the consolidated financial statements.

# Notes to consolidated financial statements

## November 30, 2024 et 2023

(amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

### NATURE OF BUSINESS

Richelieu Hardware Ltd. (the “Corporation”) is incorporated under the laws of Quebec, Canada. The Corporation is 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, 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. SIGNIFICANT ACCOUNTING POLICIES

The Corporation’s consolidated financial statements, presented in Canadian dollars, have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). The Corporation’s accounting policies have been applied consistently to all fiscal years presented in these consolidated financial statements.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the 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.

The judgments made by management in applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and the assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that could potentially result in material adjustments to the carrying amount of assets and liabilities during the following period relate to impairment of inventory, including inventory losses and obsolescence, and require the use of judgment and assumptions that may affect the amounts reported in the consolidated financial statements. The underlying estimates and assumptions are regularly reviewed. Revised accounting estimates, if any, are recognized in the period in which the estimates are revised, as well as in future periods affected by the revisions. Actual results could differ from those estimates.

The Corporation’s consolidated financial statements have been properly prepared within the reasonable limits of materiality, in accordance with the accounting policies summarized below:

#### Consolidation

The consolidated financial statements include the accounts of Richelieu Hardware Ltd. and its subsidiaries as described in note 14. All significant intercompany balances and transactions have been eliminated upon consolidation.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with a term of three months or less. Cash and cash equivalents are measured at amortized cost.

#### Accounts Receivable

Accounts receivable are carried at cost, which is equivalent to fair market value on initial recognition. Subsequent measurements are recorded at amortized cost using the effective interest method. For the Corporation, this measurement is usually equivalent to cost due to their short-term maturities. At the end of each period, the Corporation estimates the expected credit losses. These expected losses are adjusted to reflect factors that are specific to accounts receivable, general economic conditions as well as an assessment of both current and forecasted economic conditions prevailing at the reporting date. The evaluation is calculated using the simplified method. The net change in expected credit losses on accounts receivable is recognized in net earnings.

#### Inventories

Inventories, which consist primarily of finished goods, are valued at the lower of average cost and net realizable value. Net realizable value is the expected selling price in the normal course of business, less estimated costs to sell. The Corporation uses judgment when estimating the effect of certain factors on the net realizable value of inventory, such as inventory obsolescence and losses. The quantity, age and condition of inventory are measured and regularly assessed during the year.

#### Property, Plant and Equipment

Property, plant and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives. The main components have different useful lives and are amortized separately. The amortization method and useful life estimates are reviewed annually.

Buildings	20 years
Leasehold improvements	Lease terms
Machinery and equipment	5-10 years
Rolling stock	5 years
Furniture and fixtures	3-5 years
Computer hardware	3-5 years



## Intangible Assets

Intangible assets are acquired assets that lack physical substance and meet the specified criteria for recognition apart from property, plant and equipment. Intangible assets consist mainly of software, non-competition agreements, customer relationships, and trademarks. Software and customer relationships are amortized on a straight-line basis over their estimated useful lives ranging from 3 to 20 years, depending on each case, while non-competition agreements are amortized over the terms of the agreements which are currently between 2 and 5 years. Trademarks have an indefinite useful life and are therefore not amortized.

## Leases

### *i) Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use) and are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of the lease obligations. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which is currently between 2 and 15 years.

### *ii) Lease obligations*

At the commencement date of the lease, the lease obligations are measured at the present value of lease payments to be made over the lease terms using the Corporation's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating the lease, if applicable. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

## Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and reflects the development potential of the acquired businesses, combined with the Corporation's operations and from the expected synergies, and expansion of the product offering and distribution network. Goodwill is not amortized.

## Impairment of Non-Current Assets

At the end of each reporting period, the Corporation determines whether indicators of impairment exist for its non-current assets, excluding goodwill and intangible assets with indefinite useful lives. If such indicators exist, the non-current assets are tested for impairment. When the impairment test indicates that the carrying amount of the tangible or intangible asset exceeds its recoverable amount, an impairment loss is recognized in net earnings in an amount equal to the excess.

The Corporation is required to test goodwill and intangible assets with indefinite useful lives for impairment at least once a year, whether or not indicators of impairment exist. Impairment tests are carried out on the asset itself, the cash-generating unit ("CGU") or group of CGUs as at November 30. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill and the supporting assets that cannot be wholly allocated to a single CGU are tested for impairment at the group of CGUs level. Impairment tests consist of a comparison between the carrying and recoverable amounts of an asset, CGU or group of CGUs. The recoverable amount is the higher of value in use and fair value less costs to sell. Where the carrying amount exceeds the recoverable amount, an impairment loss equal to the excess is recognized in net earnings, however, the carrying amount of the assets is not reduced below the higher of their fair value less costs to sell and their value in use. Other than for goodwill, if a reversal of an impairment loss occurs, it must be recognized immediately in net earnings. On reversal of an impairment loss, the increased recoverable amount of an asset must not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in respect of the asset in prior years. As part of goodwill impairment tests, the Corporation generally uses fair value less costs to sell to estimate the recoverable amount, which is calculated by multiplying earnings before depreciation, amortization, financial charges and taxes ("EBITDA") of the CGU or group of CGUs by the multiple of the EBITDA from comparable companies whose activities are similar to those of the Corporation. As part of the impairment tests on intangible assets with indefinite useful lives, the Corporation also uses the fair value less costs to sell in order to estimate the recoverable amount, which is calculated according to the relief-from-royalty method. This method involves estimating the fair value of trademarks by reference to royalty levels payable for the use of comparable assets.

## Financial Liabilities

Bank overdraft, accounts payable, accrued liabilities and long-term debt are initially recorded at fair value. They are subsequently measured at amortized cost using the effective interest method. For the Corporation, this measurement is usually equivalent to cost.

## Other Liabilities

Options to purchase non-controlling interests that correspond to the definition of a financial liability are measured at fair value and presented under other liabilities. Gains or losses resulting from revaluation at the end of each period may be recorded in net earnings or in retained earnings. The Corporation has chosen to record them in retained earnings. The Corporation has classified the measurement of this fair value as level 3, as it is based on data which is not observable in the market. The fair value of the Corporation's other liabilities is assessed based on a predetermined calculation method, based on a multiple of the average EBITDA over a specific period, depending on the agreements. Amounts that may become due within the next 12 months are classified as short-term items.

## Revenue Recognition

Revenues are measured at the fair value of the consideration received or receivable, net of returns and discounts granted, and are recognized when control of the goods is transferred to the customer, which occurs when the Corporation satisfies its performance obligation, generally upon delivery of the goods to the customer.

## Income Taxes

The Corporation follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are accounted for based on estimated taxes recoverable or payable that would result from the recovery or settlement of the carrying amount of assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the years in which the temporary differences are expected to reverse. Changes in these balances are recognized in net earnings in the year in which they arise.

Deferred tax assets are recognized to the extent that it is probable that the Corporation will have future taxable income against which these tax assets may be offset. In determining these deferred tax assets, assumptions are considered, such as the period for tax loss carrying forwards to be completely used up and the level of future taxable income in accordance with tax planning strategies.

## Foreign Currency Translation

Monetary assets and liabilities of the Corporation are translated at the exchange rate in effect at the end of the reporting period and the other items in the statements of financial position and earnings are translated at the exchange rates in effect at the date of transaction. Foreign exchange gains and losses are recognized in net earnings in the year in which they arise.

The assets and liabilities of the U.S. subsidiary are translated into Canadian dollars at the exchange rate in effect at the end of the reporting period. Revenues and expenses are translated at the average monthly exchange rate in effect during the periods. Foreign exchange gains and losses are recognized in the consolidated statements of comprehensive income.

## Derivative Financial Instruments

The Corporation periodically enters into foreign exchange forward contracts with financial institutions to partially hedge the effects of fluctuations in foreign exchange rates related to foreign currency liabilities, as well as to hedge anticipated purchase transactions. The Corporation does not use derivatives for speculation or trading purposes and only enters into these contracts with major financial institutions. The Corporation enters into equity swaps to reduce its exposure on net earnings related to the fluctuations in the Corporation's share price relating to its deferred share unit plan.

## Fair Value Measurements Hierarchy

Fair value measurements of financial assets and liabilities recognized at fair value in the consolidated statements of financial position or whose fair value is presented in the notes to the consolidated financial statements are categorized in accordance with the following hierarchy:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2:	inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Share-Based Payment

The Corporation offers a stock option plan to its officers and key employees. The subscription price of each share issuable under the plan is equal to the weighted average market price of the shares for the five (5) business days prior to the day the option was granted and must be paid in full at the time the option is exercised. Options vest at a rate of 25% per year starting one year after the grant date and expire on the tenth anniversary of the grant date. The Corporation recognizes stock-based compensation and other share-based payments in net earnings using the fair value method for stock options granted with a corresponding increase recorded in contributed surplus. The Black & Scholes model is used to determine the grant date fair value of stock options. The application of this method is based on different assumptions such as risk-free interest rate, expected life, volatility and dividend yield as described in note 8.

## Deferred Share Unit Plan

The Corporation offers a deferred share unit ("DSU") plan to its directors who can elect to receive part or all of their compensation in DSUs. The value of DSUs is redeemable for cash only when a director ceases to be a member of the Board. The number of DSUs granted to a director equals the compensation amount to be converted into DSUs divided by the average closing price of the shares for the five (5) business days immediately preceding the date of the payment. The DSU liability is measured at fair value at each closing date on the basis of the number of outstanding share units and the market price of the Corporation's common shares and is included in *Accounts payable and accrued liabilities*. The Corporation has entered into equity swaps to reduce its exposure on net earnings related to the fluctuations of the Corporation's share price. The net effect of the equity swaps mostly offsets the impact of the change in the Corporation's share price and is included in the *Operating expenses excluding amortization*.

## Net Earnings per Share

Net earnings per share are calculated based on the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated using the treasury stock method and take into account all the elements that have a dilutive effect.



## 2. NEW ACCOUNTING POLICIES

### IAS 12, International Tax Reform—Pillar Two Model Rules

In May 2023, the IASB published amendments to IAS 12, *Income Taxes*, with respect to the Pillar 2 Model Rules, to provide a temporary exception to the application of the provisions related to the deferred tax assets and liabilities.

Since June 2024, the application of these amendments has been mandatory in Canada. The Corporation adopted these amendments in the third quarter of 2024 and applied the exception.

After evaluation, the Corporation does not expect the Pillar 2 tax rules to have a significant impact on its consolidated financial statements.

### IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure Requirements in Financial Statements* which will replace IAS 1, *Presentation of Financial Statements*. The standard introduces new requirements for presentation within the statement of profit or loss, as well as specific disclosure requirements related to management-defined performance measures, which will now form part of the consolidated financial statements.

IFRS 18 will be applicable to the Corporation beginning on December 1, 2027. The Corporation is currently evaluating the impact of the adoption of IFRS 18 on its 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 Ltée, thereby increasing its interest to 90%.

Effective June 4, 2024, the Corporation acquired from minority shareholders an additional 10% interest in the voting shares of USIMM UNIGRAV Inc., thereby increasing its interest to 85%.

Effective November 13, 2024, the Corporation acquired the principal net assets of Panexel, a distributor of decorative panels operating one distribution centre in Boucherville, QC.

Sales of \$48.1 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 \$71.9 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 a participation equivalent to 25% of the share capital of said newly formed subsidiary was issued in the name of the sellers. The offices of USIMM and UNIGRAV are respectively located 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 main 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 main 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, at the transaction dates, are summarized as follows:

	2024 \$	2023 \$
Current assets acquired	16,568	10,956
Property, plant and equipment and right-of-use assets [note 4, 10]	5,203	2,974
Intangible assets [note 5]	6,234	9,236
Goodwill [note 5]	4,288	7,467
	32,293	30,633
Current liabilities assumed	(7,425)	(2,561)
Non-current liabilities assumed	(2,258)	(2,214)
Deferred tax liabilities	(857)	(1,912)
Non-controlling interests	–	(625)
<b>Net assets acquired</b>	<b>21,753</b>	<b>23,321</b>
<b>Consideration</b>		
Cash, net of cash acquired*	17,965	19,694
Consideration payable [note 7]	3,788	3,627
	21,753	23,321

\* The buyouts of minority shareholders' interests during the fiscal year involved a total cash consideration of \$2.3 million.

Goodwill deductible for tax purposes with regard to these acquisitions amounts to \$0.8 million [\$1.3 million in 2023].

Preliminary purchase price allocations are subject to fair value adjustments to assets, liabilities and goodwill until the estimation process is complete. The final allocation of the purchase price 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. PROPERTY, PLANT AND EQUIPMENT

	Land \$	Buildings \$	Leasehold improvements \$	Machinery and equipment \$	Rolling stock \$	Furniture and fixtures \$	Computer equipment \$	Total \$
Cost	3,681	31,296	12,227	63,906	29,156	19,671	23,023	182,960
Accumulated amortization	–	(24,276)	(8,282)	(41,743)	(18,661)	(17,400)	(17,766)	(128,128)
Net carrying amount as at November 30, 2022	3,681	7,020	3,945	22,163	10,495	2,271	5,257	54,832
Acquisitions (dispositions)	2,980	6,637	6,886	10,975	8,495	2,574	859	39,406
Business acquisitions [note 3]	–	–	–	889	109	7	11	1,016
Amortization	–	(984)	(1,910)	(6,468)	(4,229)	(1,190)	(2,574)	(17,355)
Effect of changes in foreign exchange rates	–	–	55	49	36	9	5	154
Net carrying amount as at November 30, 2023	6,661	12,673	8,976	27,608	14,906	3,671	3,558	78,053
Cost	6,661	37,897	18,765	71,622	34,704	18,976	17,735	206,360
Accumulated amortization	–	(25,224)	(9,789)	(44,014)	(19,798)	(15,305)	(14,177)	(128,307)
Net carrying amount as at November 30, 2023	6,661	12,673	8,976	27,608	14,906	3,671	3,558	78,053
Acquisitions (dispositions)	8	3,057	8,583	7,916	7,641	1,269	1,482	29,956
Business acquisitions [note 3]	–	–	–	483	750	8	34	1,275
Amortization	–	(1,545)	(2,550)	(7,255)	(5,593)	(1,664)	(2,340)	(20,947)
Effect of changes in foreign exchange rates	–	–	301	275	248	41	51	916
Net carrying amount as at November 30, 2024	6,669	14,185	15,310	29,027	17,952	3,325	2,785	89,253
Cost	6,669	40,916	27,551	80,136	42,938	20,252	19,094	237,556
Accumulated amortization	–	(26,731)	(12,241)	(51,109)	(24,986)	(16,927)	(16,309)	(148,303)
Net carrying amount as at November 30, 2024	6,669	14,185	15,310	29,027	17,952	3,325	2,785	89,253

## 5. INTANGIBLE ASSETS AND GOODWILL

	Software \$	Non- competition agreements \$	Customer relationships \$	Trademarks \$	Total \$	Goodwill \$
Cost	13,997	8,040	103,230	7,185	132,452	127,457
Accumulated amortization	(10,380)	(6,615)	(48,854)	–	(65,849)	–
Net carrying amount as at November 30, 2022	3,617	1,425	54,376	7,185	66,603	127,457
Acquisitions	2,687	–	–	–	2,687	–
Business acquisitions [note 3]	5	403	8,828	–	9,236	7,467
Amortization	(1,047)	(788)	(9,022)	–	(10,857)	–
Effect of changes in foreign exchange rates	–	–	124	15	139	165
Net carrying amount as at November 30, 2023	5,262	1,040	54,306	7,200	67,808	135,089
Cost	15,420	8,464	112,343	7,200	143,427	135,089
Accumulated amortization	(10,158)	(7,424)	(58,037)	–	(75,619)	–
Net carrying amount as at November 30, 2023	5,262	1,040	54,306	7,200	67,808	135,089
Acquisitions	596	–	–	–	596	–
Business acquisitions [note 3]	–	400	5,834	–	6,234	4,288
Amortization	(1,273)	(494)	(9,052)	–	(10,819)	–
Effect of changes in foreign exchange rates	2	1	707	86	796	1,019
Net carrying amount as at November 30, 2024	4,587	947	51,795	7,286	64,615	140,396
Cost	15,960	8,988	119,915	7,286	152,149	140,396
Accumulated amortization	(11,373)	(8,041)	(68,120)	–	(87,534)	–
Net carrying amount as at November 30, 2024	4,587	947	51,795	7,286	64,615	140,396

For impairment test purposes, the carrying amounts of goodwill and intangible assets have been allocated to CGUs or groups of CGUs. The carrying amounts of goodwill for the two groups of CGUs that are significant in comparison with the total carrying amount of goodwill are \$104.9 million and \$33.5 million, while the \$2.0 million balance is allocated to another CGU. The carrying amounts of intangible assets with indefinite useful lives are allocated across multiple CGUs or groups of CGUs that are not individually significant in comparison with the total carrying amount of intangible assets with indefinite useful lives.

## 6. BANK OVERDRAFT

As at November 30, 2024, the Corporation had lines of credit with authorized amounts of C\$85 million and US\$56 million [C\$150 million and US\$56 million as at November 30, 2023], bearing interest at the bank's prime and *Secured Overnight Financial Rate* ("SOFR") rate plus 1.40%, which were respectively 5.95% and 6.08% as at November 30, 2024 [7.20% and 6.43% as at November 30, 2023]. These lines of credit are renewable annually. As at November 30, 2024, an amount of \$54 million, including US\$31 million, was drawn on these lines of credit [as at November 30, 2023—\$23 million, including US\$17 million, was drawn].



## 7. LONG-TERM DEBT

	2024 \$	2023 \$
Non-interest bearing business acquisition considerations payable	5,902	5,346
Current portion of long-term debt	3,533	2,940
Long-term debt	2,369	2,406

Principal repayments are as follows:

	2024 \$	2023 \$
Less than 1 year	3,533	2,940
1-2 years	2,178	1,452
2-3 years	58	802
More than 3 years	133	152
	5,902	5,346

## 8. 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	138	4,198
Repurchased	(1,008)	(1,342)
Outstanding, November 30, 2024	55,220	75,145

During fiscal 2024, the Corporation issued 138,025 common shares [323,575 in 2023] at a weighted average exercise price of \$24.96 per share [\$26.43 in 2023] pursuant to the exercise of stock options under the stock option plan. The weighted average share price on the market at the date of exercise was \$41.15 [\$41.09 in 2023]. In addition, during fiscal 2024, the Corporation repurchased for cancellation 1,007,712 common shares in consideration for \$38,707 [20,000 common shares for a consideration of \$773 in 2023], which resulted in a premium on the redemption in the amount of \$37,365 recognized as a reduction of retained earnings [premium on redemption 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	(138)	24,96
Cancelled	(38)	35,56
Outstanding, November 30, 2024	1,735	35,33

The table below summarizes information regarding the stock options outstanding as at November 30, 2024:

Range in exercise prices (in dollars)	Options outstanding		Exercisable options		
	Number of options (in thousands)	Weighted average remaining period (in years)	Weighted average exercise price (in dollars)	Nombre Number of options (in thousands)	Weighted average exercise price (in dollars)
18,82 – 23,53	115	1,16	21,70	115	21,70
23,54 – 29,43	445	4,09	36,80	445	26,80
29,44 – 36,80	363	4,97	34,03	308	33,88
36,81 – 46,66	812	8,18	42,50	195	41,34
	1,735	5,99	35,33	1,063	30,97

During fiscal 2024, the Corporation granted 289,000 stock options [306,500 in 2023] with a weighted average exercise price of \$46.66 per share [\$37.39 in 2023] and an average fair value of \$11.48 per option [\$9.18 in 2023] as determined using the Black & Scholes option pricing model using an expected dividend yield of 1.3% [1.4% in 2023], an expected volatility of 24.4% [24.3% in 2023], a risk-free interest rate of 3.36% [2.75% in 2023] and an expected life of 6.12 years [6.46 years in 2023] and 37,375 options were cancelled [41,000 in 2023]. For the year ended November 30, 2024, compensation expense related to stock options amounted to \$2,895 [\$2,570 in 2023] and is recognized under *Operating expenses excluding amortization*.

### Deferred Share Unit Plan

The financial liability resulting from the DSU plan of \$4,945 [\$7,500 as at November 30, 2023] is presented under *Accounts payable and accrued liabilities*. As at November 30, 2024, the fair value of the equity swaps amounted to an asset of \$395 and is presented under *Accounts receivable* [an asset of \$178 as at November 30, 2023 and presented under *Accounts receivable*]. The Corporation classified the fair value measurement in Level 2, as it is derived from observable market data. The compensation expense for the DSUs for the year ended November 30, 2024 amounted to \$973 [\$988 in 2023] and is recognized under *Operating expenses excluding amortization*.

Number of DSUs	2024	2023
Outstanding, beginning of year	174,413	229,179
Paid	(78,292)	(77,675)
Granted	24,243	22,909
Outstanding, end of year	120,364	174,413

### Share Purchase Plan

Compensation expense related to the share purchase plan amounted to \$1,362 for the year ended November 30, 2024 [\$1,289 in 2023] and is 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)	2024	2023
Weighted average number of shares outstanding—Basic	55,832	55,870
Dilutive effect under stock option plan	293	346
Weighted average number of shares outstanding—Diluted	56,125	56,216

The computation of diluted net earnings per share did not take into account the weighted average of 503,750 stock options [256,750 in 2023] since their exercise price, being higher than the average price of the shares for the period, would have had an anti-dilutive effect.

## 9. INCOME TAXES

The main components of the income tax expense were as follows:

	2024 \$	2023 \$
Current	38,619	42,491
Deferred:		
Related to temporary differences	(7,033)	(111)
Deferred tax related to changes in tax rates	(261)	(10)
	31,325	42,370

The effective income tax rate differs from the combined statutory rates for the following reasons:

	2024 \$	2023 \$
Combined statutory rates	26.62%	26.62%
Income taxes at combined statutory rates	32,158	41,580
Increase (decrease) resulting from:		
Impact of statutory rates differences for the subsidiaries	(297)	(289)
Share-based compensation	589	524
Non-deductible expenses and other	(864)	565
Changes related to tax laws and tax rates	(261)	(10)
	31,325	42,370



Deferred taxes reflect the net tax impact of temporary differences between the value of assets and liabilities for accounting and tax purposes. The major components of deferred tax assets and liabilities of the Corporation were as follows:

Deferred taxes	2024 \$	2023 \$
Reserves for tax purposes deductible only upon disbursement and other tax attributes	17,781	15,185
Excess of the net carrying value of property, plant and equipment over their tax value	(5,447)	(8,811)
Excess of the net carrying value of intangible assets and goodwill over their tax value	(14,733)	(13,924)
Right-of-use assets and lease obligations	5,355	3,802
Net amount	2,956	(3,748)

The net deferred taxes included the following as at November 30 :

	2024 \$	2023 \$
Deferred tax assets	13,041	7,421
Deferred tax liabilities	(10,085)	(11,169)
	2,956	(3,748)

Changes in deferred taxes for the years ended November 30 are detailed as follows:

	2024 \$	2023 \$
Balance at the beginning of the year, net	(3,748)	(2,054)
In net earnings	7,294	121
Business acquisitions [note 3]	(857)	(1,912)
Other	267	97
Balance at the end of the year, net	2,956	(3,748)

As at November 30, 2024, the Corporation had \$113,457 of taxable temporary differences related to investments in subsidiaries [\$101,402 as at November 30, 2023]. Deferred tax liabilities were not recognized in respect of such taxable temporary differences as the Corporation controls the decisions affecting the realization of such liabilities and does not expect these temporary differences to reverse in the foreseeable future. However, if subsidiary earnings are distributed in the form of dividends or otherwise, the Corporation may be subject to corporate income tax or withholding tax in Canada and/or abroad.

## 10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

### Right-of-use Assets

The main right-of-use assets held under the Corporation's leases are warehouse and office premises.

The following table presents changes in right-of-use assets:

	2024 \$	2023 \$
Balance, beginning of year	167,124	116,204
Acquisitions and lease terminations	47,793	80,972
Business acquisitions [note 3]	3,928	1,958
Amortization	(37,192)	(32,715)
Effect of exchange rate changes	3,371	705
Balance, end of year	185,024	167,124

### Lease Obligations

The following table presents changes in lease obligations:

	2024 \$	2023 \$
Balance, beginning of year	181,325	124,850
Acquisitions and lease terminations	47,793	80,972
Financial costs	9,324	6,893
Business acquisitions [note 3]	3,928	1,958
Payment of lease obligations	(41,100)	(34,108)
Effect of exchange rate changes	3,757	760
Balance, end of year	205,027	181,325

## 11. COMMITMENTS AND CONTINGENCIES

### Commitments

Contractual undiscounted payments under leases defined in note 10 are as follows:

As at November 30, 2024	\$
Less than one year	41,874
Between 1 and 5 years	132,760
More than 5 years	86,159
	260,793

### Claims

In the normal course of business, various proceedings and claims are instituted against the Corporation. Management believes that any forthcoming settlement in respect of these claims will not have a material effect on the Corporation's financial position or consolidated net earnings.

## 12. ACCUMULATED OTHER COMPREHENSIVE INCOME

The change in accumulated other comprehensive income balance is, as follows:

	2024 \$	2023 \$
Balance, beginning of year	28,593	27,743
Exchange differences on translation of foreign operations	9,710	850
Balance, end of year	38,303	28,593

## 13. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

### Fair Value

The carrying value of long-term debt approximates its fair value because of the short maturity on balance 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 November 30, 2024 and 2023, are deemed acceptable given the industry in which the Corporation operates.

The Corporation performs ongoing credit evaluation of customers and generally does not require collateral. The allowance for doubtful accounts for the years ended November 30 is as follows:

	2024 \$	2023 \$
Balance, beginning of year	6,749	7,449
Allowance for doubtful accounts	1,296	2,130
Write-offs	(1,181)	(3,236)
Exchange rate variations and other	71	406
Balance, end of year	6,935	6,749

The aging of the accounts receivable is as follows:

	2024 \$	2023 \$
Current	163,844	156,850
Past due 1-30 days	52,733	43,312
Past due more than 30 days	30,496	25,851
Allowance for doubtful accounts	(6,935)	(6,749)
	240,138	219,264

The balance of accounts receivable of the Corporation that are overdue for more than 60 days, totaled \$9,027 [\$8,476 in 2023]. As at November 30, 2024 and 2023, no customer accounted for more than 10% of the total accounts receivable.

### Market Risk

The Corporation's foreign currency exposure arises from purchases and sales transacted mainly in US dollars and euros. Operating expenses include, for the year ended November 30, 2024, an exchange gain of \$1,475 [exchange gain of \$1,724 in 2023].

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, a 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 do not allow speculative trades.

As at November 30, 2024, a decrease (increase) of 5% of 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 \$690 [\$592 as at November 30, 2023] and would have increased (decreased) other comprehensive income by \$11,821 [\$11,451 as at November 30, 2023]. The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Corporation's financial instruments as at November 30, 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, business acquisitions, share repurchases and payout to shareholders using mainly the cash generated by the operating activities and through its lines of credit when necessary.

### Interest Rate Risk

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

### Operating Expenses Excluding Amortization

	2024 \$	2023 \$
Inventories from distribution, import and manufacturing activities recognized as an expense	1,381,899	1,314,403
Salaries and related charges	245,290	232,581
Other charges	3,610	10,366
	1,630,799	1,557,350

An expense of \$4,858 [\$4,714 in 2023] for inventory obsolescence was included in Inventories from distribution, import and manufacturing activities.

## 14. RELATED PARTY INFORMATION

### Scope of Consolidation

The following table lists the significant subsidiaries of the group individually and collectively as at November 30, 2024.

Names	Country of incorporation	Equity interest %	Voting rights %
Richelieu America Ltd.	United States	100	100
Richelieu Finances Ltée <sup>(1)</sup>	Canada	100	100
Cedan Industries Inc.	Canada	100	100
Distributions 20/20 Inc.	Canada	100	100
Provincial Woodproducts Ltd.	Canada	100	100
Quincaillerie Rabel Inc.	Canada	100	100
Menuiserie des Pins Ltée	Canada	90	90
Interco division 10 Inc.	Canada	75	75

(1) Richelieu Finances Ltée is the owner of 100% of Richelieu Hardware Canada Ltd.

### Key Management Personnel Compensation

	2024 \$	2023 \$
Short-term employee benefits	3,947	4,661
Other long-term benefits	861	689
Share-based compensation	671	661
	5,479	6,011

Accounts payable and accrued liabilities include a retirement allowance amounting to \$5,360 [\$4,800 as at November 30, 2023] payable to one member of the key management personnel.

## 15. GEOGRAPHIC INFORMATION

During the year ended November 30, 2024, nearly 57% of sales were made in Canada [59% in 2023]. The Corporation's sales to foreign countries, almost entirely directed to the United States, amounted to C\$783,530 [C\$739,395 in 2023] and US\$574,502 [US\$547,266 in 2023].

As at November 30, 2024, out of the total amount in property, plant and equipment, \$28,970 [\$29,707 in 2023] was located in the United States. In addition, as at November 30, 2024, intangible assets and goodwill located in the United States amounted to C\$25,752 and C\$33,429, respectively [respectively C\$27,330 and C\$31,605 in 2023], and US\$18,381 and US\$23,861, respectively [respectively US\$20,122 and US\$23,270 in 2023]. Of the total amount of right-of-use assets, \$113,221 [November 30, 2023—\$108,477] was located in the United States.

## 16. CAPITAL MANAGEMENT

The Corporation's objectives are:

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

The Corporation manages and makes adjustments to its capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. As at November 30, 2024, the Corporation achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 0.6% [0.6% as at November 30, 2023] [long-term debt/equity]
- Return on average shareholders' equity of 9.4% 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.

## 17. DIVIDENDS PAID TO SHAREHOLDERS OF THE CORPORATION

For the fiscal year 2024, the Corporation paid four quarterly dividends of \$0.15 per common share [four quarterly dividends of \$0.15 per common share in 2023] for a total amount of \$33,503 [\$33,521 in 2023].

On January 16, 2025, the Board of Directors approved the payment of a quarterly dividend of \$0.1533 per common share for the first quarter of 2025.

## 18. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended November 30, 2024 (including comparative figures) were approved for issue by the Board of Directors on January 16, 2025.

## 19. SUBSEQUENT EVENTS

Effective December 1, 2024, the Corporation acquired all issued and outstanding shares of Mill Supply Ltd., a distributor of hardware and specialty products operating two distribution centres in Dartmouth, N.S. and Charlottetown, P.E.I.

Effective January 6, 2025, the Corporation acquired the principal net assets of Darant Distributing, a distributor of specialized hardware operating a distribution centre in Denver, CO.

Effective January 13, 2025, the Corporation acquired the principal net assets of Midwest Specialty Products, a distributor of decorative surfaces operating a distribution centre in Minneapolis, MN.

## 20. COMPARATIVE FIGURES

Some figures disclosed for the year ended November 30, 2023, have been reclassified to conform to the presentation adopted for the year ended November 30, 2024.