

Interim Consolidated Financial Statements

**Richelieu Hardware Ltd.**

For the three and nine-month periods ended August 31, 2025  
[unaudited]



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in thousands of dollars]

[unaudited]

Notes	As at August 31, 2025 \$	As at November 30, 2024 \$
<b>ASSETS</b>		
<b>Current assets</b>		
	45,570	41,389
Cash and cash equivalents		
	254,071	240,138
Accounts receivable		
	7,247	10,132
Income taxes receivable		
	597,628	598,674
Inventories		
	14,971	11,467
Prepaid expenses		
	<b>919,487</b>	<b>901,800</b>
<b>Non-current assets</b>		
	84,479	89,253
Property, plant and equipment		
	66,457	64,615
Intangible assets		
	205,476	185,024
Right-of-use assets		
	151,175	140,396
Goodwill		
	13,963	13,041
Deferred taxes		
	<b>1,441,037</b>	<b>1,394,129</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
	33,137	53,673
Bank overdraft		
	178,884	167,827
Accounts payable and accrued liabilities		
	—	2,772
Income taxes payable		
	6,123	3,533
Current portion of long-term debt		
	47,627	41,227
Current portion of lease obligations		
	20,973	19,844
Other liabilities		
	<b>286,744</b>	<b>288,876</b>
<b>Non-current liabilities</b>		
	3,813	2,369
Long-term debt		
	181,670	163,800
Lease obligations		
	10,406	10,085
Deferred taxes		
	<b>482,633</b>	<b>465,130</b>
<b>Equity</b>		
	78,622	75,145
Share capital	4	
	12,527	11,182
Contributed surplus		
	833,225	801,879
Retained earnings		
	31,344	38,303
Accumulated other comprehensive income	5	
Equity attributable to shareholders of the Corporation		
	2,686	2,490
Non-controlling interests		
	<b>958,404</b>	<b>928,999</b>
	<b>1,441,037</b>	<b>1,394,129</b>

See accompanying notes to the interim consolidated financial statements.

On behalf of the Board of Directors :

**Richard Lord**  
Director

**Luc Martin**  
Director



## CONSOLIDATED STATEMENTS OF EARNINGS

For the three and nine-month periods ended August 31 [in thousands of dollars, except earnings per share]  
[unaudited]

	Notes	For the three months ended August 31,		For the nine months ended August 31,	
		2025 \$	2024 \$	2025 \$	2024 \$
<b>Sales</b>		<b>499,202</b>	467,747	<b>1,453,093</b>	1,356,032
Operating expenses excluding amortization	6	<b>442,172</b>	414,793	<b>1,298,442</b>	1,208,876
<b>Earnings before amortization, financial costs and income taxes</b>		<b>57,030</b>	52,954	<b>154,651</b>	147,156
Amortization of property, plant and equipment and right-of-use assets		<b>16,076</b>	14,612	<b>48,135</b>	43,159
Amortization of intangible assets		<b>2,643</b>	2,745	<b>8,246</b>	8,085
Net financial costs		<b>3,426</b>	3,015	<b>11,104</b>	8,623
		<b>22,145</b>	20,372	<b>67,485</b>	59,867
<b>Earnings before income taxes</b>		<b>34,885</b>	32,582	<b>87,166</b>	87,289
Income taxes		<b>9,304</b>	8,611	<b>23,390</b>	23,163
<b>Net earnings</b>		<b>25,581</b>	23,971	<b>63,776</b>	64,126
<b>Net earnings attributable to:</b>					
Shareholders of the Corporation		<b>23,894</b>	22,706	<b>60,263</b>	61,367
Non-controlling interests		<b>1,687</b>	1,265	<b>3,513</b>	2,759
		<b>25,581</b>	23,971	<b>63,776</b>	64,126
<b>Net earnings per share attributable to shareholders of the Corporation</b>					
Basic		<b>0.43</b>	0.41	<b>1.09</b>	1.10
Diluted		<b>0.43</b>	0.41	<b>1.08</b>	1.09

See accompanying notes to the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and nine-month periods ended August 31 [in thousands of dollars]  
[unaudited]

	Notes	For the three months ended August 31,		For the nine months ended August 31,	
		2025 \$	2024 \$	2025 \$	2024 \$
<b>Net earnings</b>		<b>25,581</b>	23,971	<b>63,776</b>	64,126
<b>Other comprehensive income (loss) that will be reclassified to net earnings</b>					
Exchange differences on translation of foreign operations	5	<b>(382)</b>	(3,358)	<b>(6,959)</b>	(2,114)
<b>Comprehensive income</b>		<b>25,199</b>	20,613	<b>56,817</b>	62,012
<b>Comprehensive income attributable to:</b>					
Shareholders of the Corporation		<b>23,512</b>	19,348	<b>53,304</b>	59,253
Non-controlling interests		<b>1,687</b>	1,265	<b>3,513</b>	2,759
		<b>25,199</b>	20,613	<b>56,817</b>	62,012

See accompanying notes to the interim consolidated financial statements.



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine-month periods ended August 31 [in thousands of dollars]  
[unaudited]

	Attributable to shareholders of the Corporation					Non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total		
	\$	\$	\$	\$	\$	\$	\$
Notes	4			5			
Balance as at November 30, 2023	72,289	9,040	794,971	28,593	904,893	3,264	908,157
Net earnings	—	—	61,367	—	61,367	2,759	64,126
Other comprehensive loss	—	—	—	(2,114)	(2,114)	—	(2,114)
Comprehensive income (loss)	—	—	61,367	(2,114)	59,253	2,759	62,012
Shares repurchased	(633)	—	(18,006)	—	(18,639)	—	(18,639)
Stock options exercised	3,623	(651)	—	—	2,972	—	2,972
Share-based compensation expense	—	2,193	—	—	2,193	—	2,193
Dividends [note 9]	—	—	(25,197)	—	(25,197)	(1,090)	(26,287)
Other liabilities	—	—	—	—	—	(689)	(689)
Acquisition of interests from minority shareholders [note 3]	—	—	(383)	—	(383)	(1,942)	(2,325)
	2,990	1,542	(43,586)	—	(39,054)	(3,721)	(42,775)
Balance as at August 31, 2024	75,279	10,582	812,752	26,479	925,092	2,302	927,394
<b>Balance as at November 30, 2024</b>	<b>75,145</b>	<b>11,182</b>	<b>801,879</b>	<b>38,303</b>	<b>926,509</b>	<b>2,490</b>	<b>928,999</b>
<b>Net earnings</b>	<b>—</b>	<b>—</b>	<b>60,263</b>	<b>—</b>	<b>60,263</b>	<b>3,513</b>	<b>63,776</b>
<b>Other comprehensive loss</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(6,959)</b>	<b>(6,959)</b>	<b>—</b>	<b>(6,959)</b>
<b>Comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>60,263</b>	<b>(6,959)</b>	<b>53,304</b>	<b>3,513</b>	<b>56,817</b>
<b>Shares repurchased</b>	<b>(147)</b>	<b>(75)</b>	<b>(3,536)</b>	<b>—</b>	<b>(3,758)</b>	<b>—</b>	<b>(3,758)</b>
<b>Stock options exercised</b>	<b>3,624</b>	<b>(675)</b>	<b>—</b>	<b>—</b>	<b>2,949</b>	<b>—</b>	<b>2,949</b>
<b>Share-based compensation expense</b>	<b>—</b>	<b>2,095</b>	<b>—</b>	<b>—</b>	<b>2,095</b>	<b>—</b>	<b>2,095</b>
<b>Dividends [note 9]</b>	<b>—</b>	<b>—</b>	<b>(25,432)</b>	<b>—</b>	<b>(25,432)</b>	<b>(1,877)</b>	<b>(27,309)</b>
<b>Other liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,245)</b>	<b>(1,245)</b>
<b>Acquisition of interests from minority shareholders [note 3]</b>	<b>—</b>	<b>—</b>	<b>51</b>	<b>—</b>	<b>51</b>	<b>(195)</b>	<b>(144)</b>
	<b>3,477</b>	<b>1,345</b>	<b>(28,917)</b>	<b>—</b>	<b>(24,095)</b>	<b>(3,317)</b>	<b>(27,412)</b>
<b>Balance as at August 31, 2025</b>	<b>78,622</b>	<b>12,527</b>	<b>833,225</b>	<b>31,344</b>	<b>955,718</b>	<b>2,686</b>	<b>958,404</b>

See accompanying notes to the interim consolidated financial statements.



## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine-month periods ended August 31 [in thousands of dollars]  
[unaudited]

	Notes	For the three months ended August 31,		For the nine months ended August 31,	
		2025 \$	2024 \$	2025 \$	2024 \$
<b>OPERATING ACTIVITIES</b>					
Net earnings		25,581	23,971	63,776	64,126
Items not affecting cash and cash equivalent					
Amortization of property, plant and equipment and right-of-use assets		16,076	14,612	48,135	43,159
Amortization of intangible assets		2,643	2,745	8,246	8,085
Deferred taxes		(311)	(2,369)	(1,226)	(3,503)
Share-based compensation expense	4	654	745	2,095	2,193
Net financial costs		3,426	3,015	11,104	8,623
		48,069	42,719	132,130	122,683
Net change in non-cash working capital balances		34,594	7,431	1,518	(16,302)
		82,663	50,150	133,648	106,381
<b>FINANCING ACTIVITIES</b>					
Repayment of long-term debt		(863)	(172)	(3,392)	(2,254)
Payment of lease obligations		(12,243)	(10,452)	(35,768)	(30,133)
Dividends paid to shareholders of the Corporation	9	(8,480)	(8,357)	(25,432)	(25,197)
Interest paid on bank overdraft		(710)	(654)	(2,926)	(1,722)
Other dividends paid		—	—	(1,877)	(1,090)
Common shares issued		554	1,191	2,949	2,972
Common shares repurchased for cancellation		(3,683)	—	(3,683)	(18,639)
		(25,425)	(18,444)	(70,129)	(76,063)
<b>INVESTING ACTIVITIES</b>					
Business acquisitions	3	(125)	—	(27,514)	(17,567)
Additions to property, plant and equipment and intangible assets		(2,881)	(6,170)	(11,489)	(25,410)
		(3,006)	(6,170)	(39,003)	(42,977)
Effect of exchange rate changes on cash, cash equivalents and bank overdraft		(129)	205	201	278
<b>Net change in cash and cash equivalents (net bank overdraft)</b>		<b>54,103</b>	<b>25,741</b>	<b>24,717</b>	<b>(12,381)</b>
Net cash and cash equivalents (net bank overdraft), beginning of period		(41,670)	(14,412)	(12,284)	23,710
<b>Net cash and cash equivalents, end of period</b>		<b>12,433</b>	<b>11,329</b>	<b>12,433</b>	<b>11,329</b>
<b>Supplementary information</b>					
Income taxes paid		7,467	3,981	24,390	29,927

See accompanying notes to the interim consolidated financial statements.

## **NATURE OF BUSINESS**

Richelieu Hardware Ltd. (the "Corporation") is incorporated under the laws of Quebec, Canada. The Corporation is an importer, manufacturer and a distributor of specialty hardware and complementary products. Its products target an extensive customer base of kitchen and bathroom cabinet, storage and closet, home furnishing and office furniture, door and window manufacturers, residential and commercial woodworkers and hardware retailers including renovation superstores. The Corporation's head office is located at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, Canada, H4S 1V4.

### **1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

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

The interim consolidated financial statements were prepared in accordance with the accounting policies that the Corporation applied when preparing the annual consolidated financial statements as at November 30, 2024, and for the year then ended, and their preparation requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future and other factors deemed relevant and reasonable. In management's opinion, these interim consolidated financial statements reflect all the adjustments required for a fair presentation. These adjustments consist only of normal recurring adjustments. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year as the operating level of the Corporation is subject to seasonal fluctuations. These interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and the accompanying notes included in the Corporation's annual report for the fiscal year ended November 30, 2024.

### **2. NEW ACCOUNTING POLICIES**

#### **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 earnings, 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**

### **2025**

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.

Effective February 4, 2025, the Corporation acquired, through its subsidiary Interco Division 10 Inc., the principal net assets of Modulex Partition Corp, a distributor of Division 10 products operating a distribution centre in Hillside, NJ.

Effective April 1, 2025, the Corporation acquired the principal net assets of Rhoads & O'Hara Architectural Products, a distributor of architectural panels and related products, operating one distribution centre in Vineland, NJ.

Effective May 1, 2025, the Corporation acquired all issued and outstanding shares of Industries Camcoat Québec Inc., a distributor of finishing products operating in the Greater Montreal area, QC.

Effective June 1, 2025, the Corporation acquired from minority shareholders an additional 15% interest in the voting shares of USIMM UNIGRAV Inc., thereby increasing its interest to 100%.

Sales of \$31 million have been generated by these acquisitions since their completion. Had these acquisitions been made on December 1, 2024, management believes that sales included in the consolidated statement of earnings would have totalled approximately \$40 million.

### **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%.

## Notes to interim consolidated financial statements (unaudited)

As at August 31, 2025, and 2024 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

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.

### Summary of Acquisitions

The preliminary purchase price allocations, at the transaction dates, are summarized as follows:

	2025
	\$
Current assets acquired	16,133
Property, plant and equipment and right-of-use assets	7,266
Intangible assets	10,584
Goodwill	11,742
	45,725
Current liabilities assumed	(5,039)
Non-current liabilities assumed	(5,190)
Deferred tax liabilities	(428)
<b>Net assets acquired</b>	<b>35,068</b>
<b>Consideration</b>	
Cash, net of cash acquired *	(27,389)
Consideration payable	(7,679)
	<b>(35,068)</b>

\*The acquisition of interests from minority shareholders during the year involved a total cash consideration of \$0.1 million.

Goodwill deductible for tax purposes with regard to these acquisitions amounts to \$9.5 million [\$0.8 million in 2024].

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 and goodwill, no later than 12 months after the acquisition date.

## 4. SHARE CAPITAL

### Authorized

Unlimited number of:

- Common shares, participating, entitling the holder to one vote per share.
- Non-voting, first and second ranking preferred shares issuable in 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, 2023	56,090	72,289
Issued	138	4,198
Repurchased	(1,008)	(1,342)
<b>Outstanding, November 30, 2024</b>	<b>55,220</b>	<b>75,145</b>
<b>Issued</b>	<b>105</b>	<b>3,624</b>
<b>Repurchased</b>	<b>(104)</b>	<b>(147)</b>
<b>Outstanding, August 31, 2025</b>	<b>55,221</b>	<b>78,622</b>

During the nine-month period ended August 31, 2025, the Corporation issued 105,325 common shares [2024 - 138,025] at a weighted average exercise price of \$28.0 per share [2024 - \$24.96] pursuant to the exercise of stock options under the stock option plan. During the nine-month period ended August 31, 2025, the Corporation repurchased for cancellation 104,015 common shares for a consideration of \$3,758 [1,007,712 common shares for a consideration of \$38,707 in 2024], which resulted in a premium on the redemption in the amount of \$3,536 recognized as a reduction of retained earnings [premium on redemption of \$37,365 in 2024].

### Stock Option Plan

Changes in stock options are summarized as follows:

	Number of options (in thousands)	Weighted average exercise price \$
Outstanding, November 30, 2023	1,622	32.44
Granted	289	46.66
Exercised	(138)	24.96
Cancelled	(38)	35.56
<b>Outstanding, November 30, 2024</b>	<b>1,735</b>	<b>35.33</b>
<b>Granted</b>	<b>299</b>	<b>37.45</b>
<b>Exercised</b>	<b>(105)</b>	<b>28.00</b>
<b>Cancelled</b>	<b>(84)</b>	<b>40.00</b>
<b>Outstanding, August 31, 2025</b>	<b>1,845</b>	<b>35.91</b>

Stock options granted by the Corporation during the nine-month period ended August 31, 2025 have an average fair value of \$10.79 per option [2024 - \$11.48] as determined using the Black & Scholes option pricing model with an expected dividend yield of 1.6% [2024 - 1.3%], an expected volatility of

## Notes to interim consolidated financial statements (unaudited)

As at August 31, 2025, and 2024 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

24.7% [2024 - 24.4%], a risk-free interest rate of 3.41% [2024 - 3.36%] and an expected life of 6.36 years [2024 - 6.12 years]. For the three and nine-month periods ended August 31, 2025, compensation expense related to stock options amounted to \$654 and \$2,095 [2024 - \$745 and \$2,193] and is recognized under *Operating expenses excluding amortization*. As at August 31, 2025, the exercise price of stock options outstanding varied between \$22.25 and \$46.66 [between \$18.83 and \$46.66 as at November 30, 2024].

### Deferred Share Unit Plan (DSU)

The financial liability resulting from the DSU plan of \$5,326 [November 30, 2024 - \$4,945] is presented under *Accounts payable and accrued liabilities*. As at August 31, 2025, the fair value of the equity swaps amounted to an asset of \$218 [November 30, 2024 - an asset of \$689] and is 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 three and nine-month periods ended August 31, 2025 amounted to \$375 and \$1,036 [2024 - \$313 and \$1,024] and is recognized under *Operating expenses excluding amortization*.

### Share Purchase Plan

Compensation expense related to the share purchase plan amounted to \$362 and \$1,059 for the three and nine-month periods ended August 31, 2025 [2024 - \$363 and \$1,024] 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)	For the three months ended August 31,		For the nine months ended August 31,	
	2025	2024	2025	2024
Weighted average number of shares outstanding - Basic	55,274	55,699	55,276	55,940
Dilutive effect under stock option plan	287	273	295	320
Weighted average number of shares outstanding - Diluted	55,561	55,972	55,571	56,260

For the three and nine-month periods ended August 31, 2025, the computation of diluted net earnings per share did not take into account the weighted average of 1,035,625 stock options [2024 - 537,875] since their exercise price, being higher than the average price of the shares for the period, would have had an anti-dilutive effect.

## 5. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	For the three months ended August 31,		For the nine months ended August 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Balance, beginning of the period	31,726	29,837	38,303	28,593
Exchange differences on translation of foreign operations	(382)	(3,358)	(6,959)	(2,114)
<b>Balance, end of the period</b>	<b>31,344</b>	<b>26,479</b>	<b>31,344</b>	<b>26,479</b>

## 6. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

### Fair Value

The carrying value of long-term debt represents a reasonable estimate of fair value given the upcoming maturity of the amounts 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 August 31, 2025, is 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 increased by \$249 and \$173 [2024 - increased by \$196 and \$1,212] during the three and nine-month periods ended August 31, 2025, for a total of \$7,108 as at August 31, 2025 [November 30, 2024 - \$6,935].

### 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 three and nine-month periods ended August 31, 2025, an exchange gain of \$20 and \$1,808 respectively [2024 - foreign exchange gain of \$103 and \$1,129].

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

## Notes to interim consolidated financial statements (unaudited)

As at August 31, 2025, and 2024 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

foreign exchange risk management do not allow for speculative trades.

As at August 31, 2025, a decrease (increase) of 5% in the Canadian dollar against the US dollar and the euro on translation of monetary assets and liabilities, all other variables remaining the same, would have increased (decreased) consolidated net earnings by \$187 [August 31, 2024 - \$688] and would have increased (decreased) other comprehensive income or loss by \$12,567 [August 31, 2024 - \$11,374]. The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Corporation's financial instruments as at August 31, 2025.

### 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.

The Corporation has lines of credit with authorized amounts of C\$85 million and US\$56 million [November 30, 2024 - C\$85 million and US\$56 million] bearing interest at the bank's prime and *Secured Overnight Financial Rate* ("SOFR") rate plus 1.40%. The restrictive conditions and covenants remain unchanged.

### Interest Rate Risk

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

### Operating Expenses Excluding Amortization

	For the three months ended August 31,		For the nine months ended August 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Inventories from distribution, importing, and manufacturing activities recognized as an expense	375,615	352,276	1,100,983	1,023,560
Salaries and related charges	65,560	61,754	195,299	182,062
Other charges	997	763	2,160	3,254
	442,172	414,793	1,298,442	1,208,876

For the three and nine-month periods ended August 31, 2025, expenses of \$2,615 and \$5,742 [2024 - \$1,269 and \$3,580] for inventory obsolescence is included in Inventories from the distribution, importing, and manufacturing activities recognized as an expense.

## 7. CAPITAL MANAGEMENT

The Corporation's objectives are:

- Maintain a low debt ratio to preserve its capacity to pursue its growth both internally and through acquisitions; 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 August 31, 2025, the Corporation achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 1.0% [0.6% as at November 30, 2024] [long-term debt/equity]; and
- Return on average shareholders' equity of 9.0% over the last 12 months [9.4% for the year ended November 30, 2024].

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

## 8. GEOGRAPHIC INFORMATION

During the three and nine-month periods ended August 31, 2025, nearly 54% of sales were made in Canada [2024 - 57%]. The Corporation's sales in foreign countries, almost entirely directed to the United States, amounted to \$226,845 and \$663,335 [2024 - \$203,118 and \$583,068] in Canadian dollars, and to \$165,326 and \$473,181 [2024 - \$148,370 and \$428,788] in US dollars.

As at August 31, 2025, out of the total amount in property, plant and equipment, \$24,932 [November 30, 2024 - \$28,970] were located in the United States. In addition, intangible assets located in the United States amounted to \$28,936 [November 30, 2024 - \$25,752] and goodwill amounted to \$41,995 [November 30, 2024 - \$33,429] in Canadian dollars and to \$21,056 [November 30, 2024 - \$18,381] and \$30,560 [November 30, 2024 - \$23,861] respectively, in US dollars. Of the total amount of right-of-use assets, \$113,737 [November 30, 2024 - \$113,221] were located in the United States.

## 9. DIVIDENDS PAID TO SHAREHOLDERS OF THE CORPORATION

For the three and nine-month periods ended August 31, 2025, the Corporation paid dividends of \$8,480 and \$25,432 to holders of common shares [2024 - \$8,357 and \$25,197], representing a quarterly dividend of \$0.1533 per common share [quarterly dividend of \$0.15 per common share in 2024].

## 10. APPROVAL OF FINANCIAL STATEMENTS

The interim consolidated financial statements for the three and nine-month periods ended August 31, 2025 (including the comparative figures) were approved for issue by the Board of Directors on October 9, 2025.

## Notes to interim consolidated financial statements (unaudited)

As at August 31, 2025, and 2024 (amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

### 11. SUBSEQUENT EVENT

Effective September 2, 2025, the Corporation acquired all of the issued and outstanding shares of Ideal Security Inc., a speciality hardware distributor based in Montréal, QC, operating a distribution centre in Prescott, ON.

Effective October 1, 2025, the Corporation acquired all of the issued and outstanding shares of Finmac Lumber Ltd, a distributor of specialized wood products, operating a distribution centre in Winnipeg, MB.