



Q1

Quarterly Report

Three-month period ended February 28, 2023

MESSAGE TO SHAREHOLDERS

Richelieu started the 2023 financial year with good results in the first quarter while completing four new acquisitions in Canada followed by another acquisition in the United States after the end of the quarter.

We achieved total sales of \$403.0 million, up 4.8%, of which 1.8% came from internal growth and 3.0% from acquisitions. Sales in Canada remained relatively steady at \$230.9 million, up 0.7% over the first quarter of 2022. In the U.S., where the 2022 acquisitions contributed well in the quarter, sales totalled US\$127.7 million, up 4.7% (US\$) over the corresponding quarter of 2022. It should be noted that the first three months of the year are historically the weakest.

For a proper comparison with the first quarter of 2022, it should be mentioned that the market environment resulting from the pandemic contributed to exceptional growth in our results, particularly in the first quarter of 2022. EBITDA for the first quarter of 2023 was \$49.1 million, down 8.6% from the first quarter of 2022, and the EBITDA margin decreased to 12.2% from 14.0% in 2022. Net earnings attributable to shareholders were \$22.4 million or \$0.40 diluted per share. In addition to the comparative effect with 2022, the factors that affected these results were mainly the return of operating expenses closer to pre pandemic levels as well as costs related to external warehousing, due to temporary inventory increase, amortization, costs related to our U.S. expansion projects as well as the interest paid on the line of credit.

As of February 28, 2023, the financial situation remains solid with a working capital of \$564.9 million (ratio of 2.6:1) and an average return on shareholders' equity of 21.0%.

EXPANSION INCLUDING FOUR ACQUISITIONS IN CANADA AND ONE ACQUISITION IN THE UNITED STATES

We completed four new acquisitions in Canada in January 2023: **Quincaillerie Rabel**, a distributor of specialty hardware with a distribution center in Terrebonne, Quebec; **Trans-World Distributing**, a distributor of industrial fasteners, with a distribution center in Dartmouth, Nova Scotia; and **Unigrav** and **Usimm**, two companies that offer custom products including a scanning center for the architectural and industrial markets, located in Drummondville and Montreal, respectively. Subsequent to the end of the quarter, we acquired **Maverick Hardware**, a specialty hardware distributor with a distribution center in Eugene, Oregon, reinforcing our presence in this market where we already have a distribution center in Portland. These five recent transactions add approximately \$22 million in sales on an annual basis.

The expansion and modernization projects at our Atlanta, Nashville, Pompano, Seattle and newly opened Chicago centers serving the retail market are progressing well. Our Fort Myers center, where we moved our operations, is now operational as well as are our two new centers in Carlstadt, NJ and Minneapolis, MN. In the Calgary area, we will be consolidating two of our centers at the end of the year and installing a premier showroom while increasing our service capacity in Western Canada.

In the coming periods, while integrating our recent acquisitions, we will be actively pursuing our growth strategy focused on innovation, acquisitions and value-added multi-access service.

NEXT DIVIDEND PAYMENT

On April 6, 2023, the Board of Directors approved the payment of a quarterly dividend of \$0.15 per share. This dividend will be paid on May 4, 2023, to shareholders of record as at April 20, 2023.

RICHELIEU HARDWARE LTD

Management's discussion and analysis
First quarter ended February 28, 2023



PRESENTATION BASIS

This management's discussion and analysis ("MD&A") relates to Richelieu Hardware Ltd.'s consolidated operating results and cash flows for the first quarter ended February 28, 2023, compared with the first quarter ended February 28, 2022, as well as to Richelieu Hardware Ltd.'s financial position as at February 28, 2023, compared with that of November 30, 2022. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the first quarter of 2023 as well as the Corporation's fiscal 2022 MD&A and audited consolidated financial statements available on the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Corporation's website at www.richelieu.com. In this MD&A, "Richelieu" or the "Corporation" refers to, as the case may be, Richelieu Hardware Ltd. and its subsidiaries and divisions, or one of its subsidiaries or divisions. Supplementary information, including certificates for the interim period ended February 28, 2023, signed by the Corporation's President and Chief Executive Officer and the Vice-President and Chief Financial Officer, is available on SEDAR. The information contained in this MD&A accounts for any major event that occurred prior to April 6, 2023, on which date the unaudited interim consolidated financial statements and interim MD&A were approved by the Corporation's Board of Directors. Unless otherwise indicated, the financial information presented below, including amounts shown in tables, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the first quarter period ended February 28, 2023, have not been audited or reviewed by the Corporation's auditors.

NON-IFRS MEASURES

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

Richelieu also uses adjusted cash flows from operating activities and adjusted cash flows from operating activities per share. Adjusted cash flows from operating activities are based on net earnings plus the amortization of property, plant and equipment, intangible assets and right-of-use asset, deferred tax expense (or recovery), share-based compensation expense and financial costs. These additional measures do not consider the net change in non-cash working capital items in order to exclude seasonality effects and are used by management in its assessments of cash flows from long-term operations. Therefore, adjusted cash flows from operating activities may not be comparable to the cash flows from operating activities of other companies.

FORWARD-LOOKING STATEMENTS

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

Although management believes these assumptions and expectations to be reasonable based on the information available at the time they are given, they could prove inaccurate. Forward-looking statements are also subject, by their very nature, to known and unknown risks and uncertainties set forth in the 2022 annual MD&A (see the "Risk Factors" section) available on SEDAR.

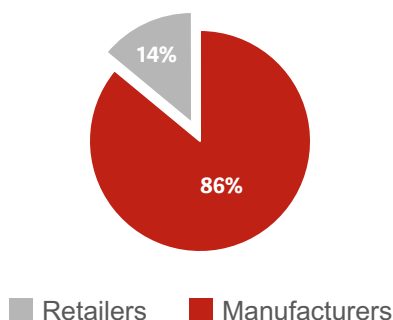
Richelieu's actual results could differ materially from those indicated in or underlying these forward-looking statements. The reader is therefore cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items,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

GENERAL BUSINESS OVERVIEW AS AT FEBRUARY 28, 2023

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

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

Sales by market Q1-2023



Richelieu's offer	112 interconnected centres
Over 130,000 different items	50 DISTRIBUTION CENTRES IN CANADA
More than 110,000 active customers	59 DISTRIBUTION CENTRES IN THE UNITED STATES
4,500,000 sq.ft. of storage	3 MANUFACTURING PLANTS COVERAGE BY REPRESENTATIVES

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

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

This offering is completed by the Corporation's three manufacturing subsidiaries, Les Industries Cedan Inc., Menuiserie des Pins Ltée and USIMM/UNIGRAV, which manufacture a variety of veneer sheets and edge banding products, a broad selection of decorative mouldings and components for the window and door industry as well as custom products, including a 3D scanning center.

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

MAIN TRADEMARKS



MISSION AND STRATEGY

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

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

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

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

FIRST QUARTER HIGHLIGHTS AND KEY FINANCIAL DATA

- **Sales** of \$403.0M, up 4.8%; internal growth of 1.8% and 3.0% growth from acquisitions.
- In **Canada**, increase of 0.7% in sales; in the **U.S.**, increase of 4.7% (\$US) which represents 42.7% of total sales.
- **EBITDA**¹ of \$49.1M; EBITDA margin of 12.2%.
- **Net earnings** attributable to shareholders of \$22.4M, or 0.40\$ per diluted share.
- **Expansion:** 4 new acquisitions in Canada and 1 in the U.S. after the end of the quarter.

NETWORK DEVELOPMENT

During the first three months of 2023, Richelieu acquired the following companies:

Date	Company Name	Nature of operations	Locations
January 1, 2023	Unigrav Inc. and Usimm Inc.	2 companies offering custom products, including a 3D scanning center	Drummondville and Montreal, QC
January 4, 2023	Rabel Hardware Inc.	Specialized hardware distributor	Terrebonne, QC
January 6, 2023	Trans-World Distributing Ltd.	Distributor of industrial fasteners	Dartmouth, NS
April 3, 2023 *	Maverick Hardware	Hardware distributor	Eugene, OR

Sales of \$2.8M have been generated by these acquisitions. Had those acquisitions been made on December 1, 2022, management believes that sales included in the consolidated statement of earnings would have totalled approximately \$4.1M. The expansion and modernization projects undertaken by Richelieu at several of its U.S. centers are progressing on schedule, namely in Atlanta, Nashville, Pompano, Seattle and the new center in Chicago serving the U.S. retailers market. The Company moved its Fort Myers operations to a new center that is now operational as well as its two new centers located in Carlstadt, NJ and Minneapolis, MN. In the Calgary area, the Company will consolidate two of its centers at the end of the year and set up a premier showroom while increasing its service capacity in Western Canada.

* Refer to subsequent event section.

¹ This financial measure is not IFRS compliant. Refer to non-IFRS section.

Operating and cash flow information (unaudited)

Quarters ended February 28	2023	2022	
(in millions of dollars, except margins and per share data)	\$	\$	Δ %
Sales	403.0	384.5	4.8
EBITDA¹	49.1	53.7	(8.6)
EBITDA margin (%)	12.2	14.0	
Net earnings attributable to shareholders of the Corporation	22.4	30.1	(25.6)
• basic per share (\$)	0.40	0.54	(25.9)
• diluted per share (\$)	0.40	0.53	(24.5)
Adjusted cash flows from operating activities¹	38.3	42.6	(10.1)
• diluted per share (\$) ¹	0.68	0.75	(9.3)
Dividends paid per share (\$)	0.1500	0.1300	15.4
Weighted average number of shares outstanding (diluted) (in thousands)	56,147	56,574	

Data on the financial situation

(in millions of dollars, except ratios)	As at February 28	November 30, 2022	
	\$	\$	Δ %
Total assets	1,347.2	1,283.9	4.9
Working capital	564.9	562.5	0.4
• Current ratio	2.6:1	2.6:1	
• Equity attributable to shareholders	834.0	817.2	2.1
• Average return on equity (%)	21.0	22.7	
Book value per share (\$)	14.94	14.65	2.0
Total debt	6.4	6.1	
Bank overdraft net of cash and cash equivalents	137.7	112.0	

CA\$ / US\$ EXCHANGE RATES

The following table presents the average exchange rates applicable to the quarters ended February 28, 2023 and 2022, as well as the closing rates on February 28, 2023 and November 30, 2022. The average rates are used to convert income and expenses from foreign establishments for the periods covered while other items in the statements of financial position and earnings of Canadian entities are translated at the exchange rates in effect at the date of transaction. The closing rates are used to convert the assets and liabilities of foreign operations and the monetary assets and liabilities of Canadian operations.

Average rate for the quarter ended February 28		Closing rate	
2023	2022	As at February 28, 2023	As at November 30, 2023
1.345	1.272	1.361	1.351

¹ These financial measures are not IFRS compliant. Refer to non-IFRS section.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2023, COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2022

(in millions of dollars, except per share data)	Quarter ended February 28		Δ %
	2023	2022	
Sales	403.0	384.5	4.8
Operating expenses excluding amortization	353.9	330.7	7.0
EBITDA	49.1	53.7	(8.6)
Amortization of property, plant and equipment and right-of-use assets	11.4	8.5	34.1
Amortization of intangible assets	2.7	2.5	8.0
Net financial costs and other	3.8	1.1	245.5
	17.9	12.1	47.9
Earnings before income taxes	31.2	41.6	(25.0)
Income taxes	8.6	11.3	(23.9)
Net earnings	22.6	30.3	(25.4)
Net earnings attributable to:			
Shareholders of the Corporation	22.4	30.1	(25.6)
Non-controlling interests	0.2	0.2	—
Net earnings per share attributable to shareholders of the Corporation			
Basic	0.40	0.54	(25.9)
Diluted	0.40	0.53	(24.5)

Sales

The following table provides a **sales** overview for the quarters ended February 28, 2023 and 2022 :

(in millions of dollars)	Quarters ended February 28		Δ %		
	2023	2022	Total	Internal	Acquisitions
Consolidated	403.0	384.5	4.8	1.8	3.0
Manufacturers	344.0	326.3	5.4	2.0	3.4
Retailers	59.0	58.2	1.4	1.2	0.2
Canada	230.9	229.4	0.7	(0.7)	1.4
Manufacturers	185.5	185.5	—	(1.8)	1.8
Retailers	45.4	43.9	3.4	3.4	—
United States	172.1	155.1	11.0		
In US\$	127.7	122.0	4.7	(0.2)	4.9
Manufacturers	117.6	110.7	6.2	0.7	5.5
Retailers	10.1	11.3	(10.6)	(11.0)	0.4

For the first quarter ended February 28, 2023, consolidated sales were \$403.0M, compared to \$384.5M for the first quarter of 2022, an increase of \$18.5M, or 4.8%. Internal growth was 1.8%. Acquisitions completed in the last 12 months contributed 3.0% to sales growth. In comparable currency to the first quarter of 2022, consolidated sales growth would have been 2.2% for the quarter ended February 28, 2023.

Breakdown of sales by major markets (in Canadian dollars)



Operating expenses excluding amortization

For the three months ended February 28, 2023, operating expenses excluding amortization totaled \$353.9M, or 87.8% of sales, compared to \$330.7M, or 86.0% of sales, for the corresponding period in fiscal 2022. The increase reflects in part the sales growth and a return to operating expenses closer to pre pandemic levels, in addition to costs related to external warehousing, resulting from the temporary inventory increase, as well as the effect of the rise in the value of the U.S. currency in relation to the Canadian currency on the conversion of the operating expenses of the independent subsidiary located in the United States.

Earnings before income taxes, interest and amortization (EBITDA)

EBITDA for 2023 first quarter was \$49.1M, down \$4.6M or 8.6% from the corresponding quarter of 2022, mainly as a result of higher operating expenses. Gross margin remained stable. As a result, the EBITDA margin was 12.2%, compared with 14.0% for the corresponding quarter of 2022.

Amortization, net financial costs and other

Amortization expense for the first quarter of 2023 amounted to \$14.1M, up \$3.1M over the corresponding period of 2022, as a result of the increase in amortizable intangibles as well as in right-of-use assets relating mainly to recent business acquisitions as well as to expansion projects carried out during the previous periods. Net financial costs and other were \$3.8M for the three months of 2023 compared to \$1.1M, a variation of \$2.7M resulting mainly from the use of lines of credit to finance acquisitions, expansion projects and the temporary increase in inventories.

Income taxes

Income tax expense was \$8.6M, representing an effective tax rate of 27.5%, in Q1 2023, compared to an expense of \$11.3M, representing a rate of 27.2%, in Q1 2022.

Net earnings and comprehensive income

Net earnings for Q1 were \$22.6M, down 25.4% from the prior year. Including non-controlling interests, net earnings attributable to the Corporation's shareholders were \$22.4M, down 25.6% from the Q1 2022. Net earnings per share were \$0.40 basic and diluted, compared to \$0.54 basic and \$0.53 diluted for Q1 2022, down 25.9% and 24.5% respectively.

Comprehensive income amounted to \$24.6M, reflecting a positive adjustment of \$2.0M on translation of the financial statements of the subsidiary in the United States, compared to \$28.8M for the same period in 2022, which reflected a negative adjustment of \$1.5M on translation of the financial statements of the subsidiary in the United States.

Quarterly data

(in millions of dollars, except per share data)					
2023	Q1	Q2	Q3	Q4	
Sales	403.0				
EBITDA	49.1				
Net earnings attributable to shareholders of the Corporation	22.4				
• basic per share (\$)	0.40				
• diluted per share (\$)	0.40				
2022	Q1	Q2	Q3	Q4	
Sales	384.5	487.9	472.9	457.5	
EBITDA	53.7	77.9	79.2	76.7	
Net earnings attributable to shareholders of the Corporation	30.1	47.0	46.4	44.9	
• basic per share (\$)	0.54	0.84	0.83	0.80	
• diluted per share (\$)	0.53	0.83	0.82	0.80	
2021	Q1	Q2	Q3	Q4	
Sales	297.6	371.4	373.3	398.2	
EBITDA	38.2	61.0	63.9	71.3	
Net earnings attributable to shareholders of the Corporation	21.0	37.4	38.7	44.6	
• basic per share (\$)	0.38	0.67	0.69	0.80	
• diluted per share (\$)	0.37	0.66	0.69	0.79	

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

Analysis of principal cash flows for the first quarter ended February 28, 2023

(in millions of dollars)	Quarters ended February 28	
	2023	2022
Cash flows provided by (used in):		
Operating activities	16.5	(37.5)
Financing activities	(19.7)	(8.3)
Investing activities	(22.3)	(46.2)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(0.3)
Net change in cash and cash equivalents (bank overdraft)	(25.7)	(92.2)
Cash and cash equivalents (bank overdraft), beginning of period	(112.0)	58.7
Cash and cash equivalents (bank overdraft), end of period	(137.7)	(33.5)

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

(in millions of dollars)	Quarters ended February 28	
	2023	2022
Cash flow from operating activities	16.5	(37.5)
Net change in non-cash working capital balances	21.8	80.1
Adjusted cash flows from operating activities	38.3	42.6

Operating activities

First quarter cash flow from operating activities, before net change in non-cash working capital balances, was \$38.3M or \$0.68 per diluted share compared to \$42.6M or \$0.75 per diluted share for the first quarter of 2022. This 9.3% decrease primarily reflects the decrease in net earnings. The net change in non-cash working capital items used cash flows of \$21.8M, mainly reflecting the decrease in accounts payable, taxes payable and other items, while accounts receivable represented a cash inflow of \$8.4M. As a result, operating activities represented a cash inflow of \$16.5M, compared to a cash outflow of \$37.5M in Q1 2022.

Financing activities

Financing activities in Q1 required a cash outflow of \$19.7M compared to \$8.3M in Q1 2022. During the quarter, the Corporation paid \$7.1M in lease obligations and \$8.4M in dividends to shareholders and repaid \$4.5M in long-term debt, compared to a lease obligation payment of \$5.7M and a dividend payment of \$7.3M in Q1 2022. The Corporation also repurchased \$0.8M of common shares during Q1 2023.

Investing activities

Investing activities amounted to \$22.3M, including \$15.8M for the four business acquisitions made during Q1, and \$6.5M mainly for the purchase of equipment to maintain and improve operational efficiency as well as investments in infrastructure for distribution center expansion projects.

Sources of financing

As at February 28, 2023, the bank overdraft, net of cash and cash equivalents, was \$137.7M, compared to \$112.0M as at November 30, 2022. The Corporation had a **working capital** of \$564.9M, a ratio of 2.6:1, compared to \$562.5M (ratio of 2.6:1) as at November 30, 2022.

Richelieu believes it has the capital resources to fulfill its ongoing commitments and obligations and to assume the funding requirements needed for its growth and the financing and investing activities between now and the end of 2023. The Corporation continues to benefit from an authorized line of credit of \$150M [\$150M as at November 30, 2022] as well as a line of credit of US\$56M [US\$56M as at November 30, 2022] renewable annually and bearing interest at bank's prime and BSBY rate plus 1.05%, respectively. In addition, Richelieu considers it could access to other outside financing if necessary.

ANALYSIS OF FINANCIAL POSITION

(in millions of dollars)	As at February 28, 2023	As at November 30, 2023
Current assets	927.2	910.8
Non-current assets	420.0	373.1
Total	1,347.2	1,283.9
Current liabilities	362.3	348.2
Non-current liabilities	148.1	115.8
Equity attributable to shareholders of the Corporation	834.0	817.2
Non-controlling interests	2.7	2.7
Total	1,347.2	1,283.9

Assets

Total assets were \$1.35B as at February 28, 2023, compared to \$1.28B as at November 30, 2022, an increase of 4.9%. Current assets increased by 1.8% or \$16.4M from November 30, 2022. Non-current assets increased by 12.6% mainly due to the addition of right-of-use assets related to business acquisitions and expansion projects.

Liabilities

Current liabilities totaled \$362.3M as at February 28, 2023, an increase of 4% compared to \$348.2M as at November 30, 2022. Non-current liabilities totaled \$148.1M as at February 28, 2023 compared to \$115.8M as at November 30, 2022. The rise mainly reflects an increase in lease obligations. Long-term debt, including the current portion, was \$6.4M as at February 28, 2023 and primarily represents balances payable on acquisitions.

Shareholders' equity

The Corporation's shareholders' equity was \$834.0M as at February 28, 2023, compared to \$817.2M as at November 30, 2022, an increase of \$16.8M mainly due to an increase of \$13.3M in retained earnings and \$1.6M in capital stock and contributed surplus, while accumulated other comprehensive income increased by \$2.0M. As at February 28, 2023, the book value per share was \$14.94, up 2.0% from November 30, 2022.

Share capital and stock options

As at February 28, 2023, the Corporation's share capital consisted of 55,813,115 common shares [55,784,790 shares as at November 30, 2022]. For the three-month period ended February 28, 2023, the weighted average number of diluted shares outstanding was 56,147,410 [56,574,430 in 2022]. In addition, 1,937,175 stock options were outstanding as at February 28, 2023 [November 30, 2022 - 1,679,000].

The following table presents the changes in outstanding share capital and stock options for the three-month period ended February 28, 2023:

Number of shares		Number of options	
Outstanding, as at November 30, 2022	55,784,790	Outstanding, as at November 30, 2022	1,679,000
Issued	48,325	Granted	(48,325)
Repurchased	(20,000)	Exercised	306,500
Outstanding, as at February 28, 2023	55,813,115	Outstanding, as at February 28, 2023	1,937,175

SUBSEQUENT EVENT

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

FINANCIAL INSTRUMENTS

Richelieu periodically enters into forward exchange contracts to fully or partially hedge the effects of foreign currency fluctuations related to foreign-currency denominated payables or to hedge forecasted purchase transactions. The Corporation has a policy of not entering into derivatives for speculative or negotiation purposes and to enter into these contracts only with major financial institutions. Richelieu also uses equity swaps to reduce the effect of fluctuations in its share price on net earnings in connection with its deferred share unit plan.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As indicated in the 2022 annual MD&A, available on SEDAR, management has designed and evaluated internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") to provide reasonable assurance that the Corporation's financial reporting is reliable and that its publicly disclosed financial statements are prepared in accordance with IFRS. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer have assessed, within the meaning of *National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings*, the design and the effectiveness of internal controls over financial reporting as at November 30, 2022. In light of this assessment, they concluded that the design and the effectiveness of internal controls over financial reporting ("ICFR and DC&P") were effective. During the quarter ended February 28, 2023, management ensured that there were no material changes in the Corporation's procedures that were reasonably likely to have a material impact on its internal control over financial reporting. No such changes were identified.

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

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's interim consolidated financial statements for the quarter ended February 28, 2023, have been prepared by management in accordance with IFRS.

The interim consolidated financial statements were prepared in accordance with the accounting policies that the Corporation applied when preparing its consolidated financial statements as at November 30, 2022 and for the year then ended, which require management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and appearing in the accompanying notes, which could be modified. The estimates are based on management's knowledge of current events, on the measures the Corporation could take in the future and on other factors deemed relevant and reasonable.

Risk factors are described in the "Risk Factors" section of Richelieu's 2022 annual report and MD&A, available on SEDAR and on the Corporation's website at www.richelieu.com.

SUPPLEMENTARY INFORMATION

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

President and Chief
Executive Officer



Richard Lord

Vice-President and Chief
Financial Officer



Antoine Auclair

April 6, 2023