

Interim Consolidated Financial Statements

**Richelieu Hardware Ltd.**

For the three- and six-month periods ended May 31, 2021

[Unaudited]

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[In thousands of dollars] [Unaudited]

	Notes	As at May 31, 2021 \$	As at November 30, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		89,586	73,928
Accounts receivable		175,781	156,908
Inventories		296,580	287,344
Prepaid expenses		6,345	4,522
		<b>568,292</b>	<b>522,702</b>
<b>Non-current assets</b>			
Property, plant and equipment		41,364	40,920
Intangible assets		39,080	42,243
Right-of-use assets		70,294	73,076
Goodwill		85,718	85,197
Deferred taxes		6,732	6,918
		<b>811,480</b>	<b>771,056</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		127,676	120,193
Income taxes payable		5,036	4,031
Current portion of long-term debt		1,546	3,592
Current portion of lease obligations		17,690	17,478
		<b>151,948</b>	<b>145,294</b>
<b>Non-current liabilities</b>			
Long-term debt		1,100	2,200
Lease obligations		57,844	60,457
Deferred taxes		6,901	6,842
Other liabilities		1,839	1,820
		<b>219,632</b>	<b>216,613</b>
<b>Equity</b>			
Share capital	3	53,290	48,522
Contributed surplus		6,342	6,280
Retained earnings		524,603	480,808
Accumulated other comprehensive income	4	5,335	15,484
Equity attributable to shareholders of the Corporation		<b>589,570</b>	<b>551,094</b>
Non-controlling interests		2,278	3,349
		<b>591,848</b>	<b>554,443</b>
		<b>811,480</b>	<b>771,056</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 six-month periods ended May 31 [In thousands of dollars, except earnings per share] [Unaudited]

	Notes	For the three months ended May 31,		For the six months ended May 31,	
		2021	2021	2021	2021
		\$	\$	\$	\$
<b>Sales</b>		<b>371,384</b>	248,253	<b>668,965</b>	497,654
Operating expenses excluding amortization	5	<b>310,430</b>	214,483	<b>569,849</b>	439,001
<b>Earnings before amortization, financial costs and income taxes</b>		<b>60,954</b>	33,770	<b>99,116</b>	58,653
Amortization of property, plant and equipment and right-of-use assets		<b>6,948</b>	6,779	<b>13,876</b>	13,190
Amortization of intangible assets		<b>1,577</b>	1,835	<b>3,170</b>	3,273
Financial costs, net		<b>630</b>	708	<b>1,287</b>	1,441
		<b>9,155</b>	9,322	<b>18,333</b>	17,904
<b>Earnings before income taxes</b>		<b>51,799</b>	24,448	<b>80,783</b>	40,749
Income taxes		<b>14,248</b>	6,665	<b>22,190</b>	11,172
<b>Net earnings</b>		<b>37,551</b>	17,783	<b>58,593</b>	29,577
<b>Net earnings attributable to:</b>					
Shareholders of the Corporation		<b>37,425</b>	17,707	<b>58,409</b>	29,479
Non-controlling interests		<b>126</b>	76	<b>184</b>	98
		<b>37,551</b>	17,783	<b>58,593</b>	29,577
<b>Net earnings per share attributable to shareholders of the Corporation</b>					
Basic		<b>0.67</b>	0.31	<b>1.04</b>	0.52
Diluted		<b>0.66</b>	0.31	<b>1.03</b>	0.52

See accompanying notes to the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Notes	For the three months ended May 31,		For the six months ended May 31,	
		2021	2021	2021	2021
		\$	\$	\$	\$
<b>Net earnings</b>		<b>37,551</b>	17,783	<b>58,593</b>	29,577
<b>Other comprehensive income (loss) that will be reclassified to net earnings</b>					
Exchange differences on translation of foreign operations	4	<b>(7,057)</b>	3,646	<b>(10,149)</b>	5,102
<b>Comprehensive income</b>		<b>30,494</b>	21,429	<b>48,444</b>	34,679
<b>Comprehensive income attributable to:</b>					
Shareholders of the Corporation		<b>30,368</b>	21,353	<b>48,260</b>	34,581
Non-controlling interests		<b>126</b>	76	<b>184</b>	98
		<b>30,494</b>	21,429	<b>48,444</b>	34,679

See accompanying notes to the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to shareholders of the Corporation						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Notes</b>	3			4			
Balance as at November 30, 2019	42,190	5,700	431,313	19,181	498,384	3,237	501,621
Net earnings	—	—	29,479	—	29,479	98	29,577
Other comprehensive income	—	—	—	5,102	5,102	—	5,102
Comprehensive income	—	—	29,479	5,102	34,581	98	34,679
Stock options exercised	1,287	(238)	—	—	1,049	—	1,049
Share-based compensation expense	—	981	—	—	981	—	981
Dividends [note 8]	—	—	(3,754)	—	(3,754)	(277)	(4,031)
Other liabilities	—	—	—	—	—	18	18
	1,287	743	(3,754)	—	(1,724)	(259)	(1,983)
Balance as at May 31, 2020	43,477	6,443	457,038	24,283	531,241	3,076	534,317
<b>Balance as at November 30, 2020</b>	<b>48,522</b>	<b>6,280</b>	<b>480,808</b>	<b>15,484</b>	<b>551,094</b>	<b>3,349</b>	<b>554,443</b>
Net earnings	—	—	58,409	—	58,409	184	58,593
Other comprehensive loss	—	—	—	(10,149)	(10,149)	—	(10,149)
Comprehensive income (loss)	—	—	58,409	(10,149)	48,260	184	48,444
Shares repurchased	(71)	—	(3,186)	—	(3,257)	—	(3,257)
Stock options exercised	4,839	(914)	—	—	3,925	—	3,925
Share-based compensation expense	—	976	—	—	976	—	976
Dividends [note 8]	—	—	(11,551)	—	(11,551)	(511)	(12,062)
Other liabilities	—	—	—	—	—	(19)	(19)
Acquisition of non-controlling interests [note 2]	—	—	123	—	123	(725)	(602)
	4,768	62	(14,614)	—	(9,784)	(1,255)	(11,039)
<b>Balance as at May 31, 2021</b>	<b>53,290</b>	<b>6,342</b>	<b>524,603</b>	<b>5,335</b>	<b>589,570</b>	<b>2,278</b>	<b>591,848</b>

See accompanying notes to the interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Notes	For the three months ended May 31,		For the six months ended May 31,	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
Net earnings		37,551	17,783	58,593	29,577
Items not affecting cash					
Amortization of property, plant and equipment and right-of-use assets		6,948	6,779	13,876	13,190
Amortization of intangible assets		1,577	1,835	3,170	3,273
Deferred taxes		(131)	(161)	(131)	(161)
Share-based compensation expense	3	555	490	976	981
		<b>46,500</b>	<b>26,726</b>	<b>76,484</b>	<b>46,860</b>
Net change in non-cash working capital balances		<b>930</b>	<b>22,674</b>	<b>(22,049)</b>	<b>11,322</b>
		<b>47,430</b>	<b>49,400</b>	<b>54,435</b>	<b>58,182</b>
<b>FINANCING ACTIVITIES</b>					
Repayment of long-term debt		(1,833)	(308)	(3,161)	(482)
Dividends paid to shareholders of the Corporation	8	(3,917)	—	(11,551)	(3,754)
Payment of lease obligations		(3,997)	(3,725)	(7,832)	(7,172)
Other dividends paid		—	—	(511)	(277)
Common shares issued		3,077	253	3,925	1,049
Common shares repurchased for cancellation		—	—	(3,257)	—
		<b>(6,670)</b>	<b>(3,780)</b>	<b>(22,387)</b>	<b>(10,636)</b>
<b>INVESTING ACTIVITIES</b>					
Business acquisitions	2	(9,842)	683	(9,842)	(23,398)
Additions to property, plant and equipment and intangible assets		(4,034)	(3,605)	(6,886)	(6,032)
		<b>(13,876)</b>	<b>(2,922)</b>	<b>(16,728)</b>	<b>(29,430)</b>
Effect of exchange rate changes on cash and cash equivalents		306	(113)	338	(255)
<b>Net change in cash and cash equivalents</b>		<b>27,190</b>	<b>42,585</b>	<b>15,658</b>	<b>17,861</b>
Cash and cash equivalents (bank overdraft), beginning of period		62,396	(23)	73,928	24,701
<b>Cash and cash equivalents, end of period</b>		<b>89,586</b>	<b>42,562</b>	<b>89,586</b>	<b>42,562</b>
<b>Supplementary information</b>					
Income taxes paid		10,681	6,776	21,331	13,793
Net interest paid		630	708	1,287	1,441

See accompanying notes to the interim consolidated financial statements.

## Notes to interim consolidated financial statements (unaudited)

As at May 31, 2021 and 2020 (Amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

### NATURE OF BUSINESS

Richelieu Hardware Ltd. [the "Corporation"] is a corporation incorporated under the laws of Quebec, Canada. The Corporation is a distributor, importer, and manufacturer of specialty hardware and complementary products. Its products target an extensive customer base of kitchen and bathroom cabinet, storage and closet, home furnishing and office furniture manufacturers, door and window, 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 IAS34, *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, 2020 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 for the fiscal year 2020.

### 2. BUSINESS ACQUISITIONS

#### 2021

Effective March 29, 2021, the Corporation acquired the principal net assets of Ontario Building Supply, a decorative panel and related products distributor operating a distribution center in Rochester, New York.

Effective April 5, 2021, the Corporation acquired all issued and outstanding shares of Caplan Industries doing business as Task Tools, a distributor of power tool accessories and related products serving retailers in Canada and the U.S. from two centers in British Columbia and Ontario.

Sales of \$3.3 million have been generated by these acquisitions. Had those acquisitions been made on December 1, 2020, management believes that sales included in the consolidated statement of earnings would have totalled approximately \$9.7 million.

#### 2020

Effective December 2, 2019, the Corporation acquired all the issued and outstanding shares of Decotec Inc, a distributor of decorative panels and related products operating a distribution centre in North York, Ontario.

Effective December 9, 2019, the Corporation acquired the principal net assets of Mibro, a distributor of hardware and accessories for power tools for the retailers' market in Canada and the United States. Mibro operates a distribution centre in Toronto, Ontario.

Effective February 3, 2020, the Corporation acquired the principal net assets of Omaha Hardwood Lumber Company ("O'Harco"), a distributor of specialized hardware operating three distributions centres in Omaha, NB, Des Moines, IA and Sioux Falls, SD.

Effective June 29, 2020, the Corporation acquired the principal net assets of Central Wholesale Supply, a distributor of specialized hardware operating a distribution centre in Richmond, VA.

Effective August 4, 2020, the Corporation acquired the principal net assets of Lion Hardware, a specialty hardware distributor serving a clientele of door and window manufacturers in Eastern Canada, operating a distribution centre in Saint-Jacques, New Brunswick.

#### Summary of acquisitions

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

	2021	2020
	\$	\$
Current assets acquired	9,054	24,356
Property, plant and equipment and right-of-use assets	3,291	3,223
Intangible assets	—	7,858
Goodwill	1,532	4,269
	13,877	39,706
Current liabilities assumed	(1,712)	(6,229)
Lease obligations	(2,837)	(2,754)
Deferred taxes	—	(955)
<b>Net assets acquired</b>	<b>9,328</b>	<b>29,768</b>
<b>Consideration</b>		
Cash, net of cash acquired	(9,240)	(23,398)
Consideration payable	(88)	(6,370)
	(9,328)	(29,768)

On March 1, 2021, the Corporation acquired from a minority shareholder an additional 5% interest in the voting shares of Menuiserie des Pins Ltée, increasing its ownership interest to 85%, for a cash consideration of \$602.

### 3. 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, as at November 30, 2019	56,240	42,190
Issued	332	6,919
Repurchased	(678)	(587)
<b>Outstanding, as at November 30, 2020</b>	<b>55,894</b>	<b>48,522</b>
<b>Issued</b>	<b>199</b>	<b>4,839</b>
<b>Repurchased</b>	<b>(83)</b>	<b>(71)</b>
<b>Outstanding, as at May 31, 2021</b>	<b>56,010</b>	<b>53,290</b>

During the six-month period ended May 31, 2021, the Corporation issued 198,600 common shares [in fiscal year 2020 - 331,900] at an average exercise price of \$19.76 per share [in fiscal year 2020 - \$16.92] pursuant to the exercise of stock options under the stock option plan. In addition, the Corporation, repurchased 82,562 common shares for cancellation in consideration of \$3,257 [678,362 common shares for a consideration of \$25,030 in fiscal year 2020], which resulted in a premium on the redemption in the amount of \$3,186 recognized as a reduction of retained earnings [premium of \$24,443 in fiscal year 2020].

## Notes to interim consolidated financial statements (unaudited)

As at May 31, 2021 and 2020 (Amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

### Stock option plan

Changes in stock options are summarized as follows:

	Number of stock options (in thousands)	Weighted average exercise price \$
Outstanding, as at November 30, 2019	1,771	22.80
Granted	301	28.48
Exercised	(332)	16.92
Cancelled	(41)	28.70
<b>Outstanding, as at November 30, 2020</b>	<b>1,699</b>	<b>24.81</b>
<b>Granted</b>	<b>289</b>	<b>34.84</b>
<b>Exercised</b>	<b>(199)</b>	<b>19.76</b>
<b>Cancelled</b>	<b>(13)</b>	<b>29.54</b>
<b>Outstanding, as at May 31, 2021</b>	<b>1,776</b>	<b>26.98</b>

Stock options granted during the six-month period ended May 31, 2021 have an average fair value of \$9.04 per option [in fiscal year 2020 - \$6.43] as determined using the Black & Scholes option pricing model with an expected dividend yield of 0.8% [2020 - 0.9%], expected volatility of 22.9% [2020 - 21.6%], a risk-free interest rate of 0.80% [2020 - 1.70%] and an expected life of 7 years [2020 - 7 years]. For the three- and six-month periods ended May 31, 2021, the compensation expense related to stock options amounted to \$555 and \$976 [2020 - \$490 and \$981] and is recognized under *Operating expenses excluding amortization*. As at May 31, 2021, exercise price of stock options outstanding varied between \$9.14 and \$34.84 [The exercise price of stock options outstanding varied between \$9.14 and \$32.77 as at November 30, 2020].

### Deferred Share Unit Plan (DSU)

The liability resulting from the DSU plan of \$8,822 [November 30, 2020 - \$7,316] is recognized under the *Accounts payable and accrued liabilities*. As at May 31, 2021, the fair value of the swaps on shares amounted to an asset of \$196 [November 30, 2020 - amounted to a liability of \$314] and is recognized under *Accounts receivable*. The Corporation classified the fair value measurement in Level 2, as it is derived from observable market data. Compensation expense for the DSUs for the three- and six-month periods ended May 31, 2021 amounted to \$179 and \$443 [2020 - \$149 and \$333] and is recognized under *Operating expenses excluding amortization*.

### Share Purchase Plan

Compensation expense related to the share purchase plan amounted to \$187 and \$362 for the three- and six-month periods ended May 31, 2021 [2020 - \$168 and \$353] and is recognized under *Operating expenses excluding amortization*.

### Net earnings per share

Net earnings per share, basic and diluted, was calculated based on the following number of shares:

(in thousands)	For the three months ended May 31,		For the six months ended May 31,	
	2021	2020	2021	2020
Weighted average number of shares outstanding - Basic	55,931	56,289	55,905	56,274
Dilutive effect under stock option plan	609	249	538	306
Weighted average number of shares outstanding - Diluted	56,540	56,538	56,443	56,580

For the three- and six-month periods ended May 31, 2021, the computation of diluted net earnings per share does not include any anti-dilutive stock options (2020 - 1,142,000 and 624,500, respectively).

### 4. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income includes the following items and its variances is detailed as follows:

	For the three months ended May 31,		For the six months ended May 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Balance at the beginning of the period	12,392	20,637	15,484	19,181
Exchange differences on translation of foreign operations	(7,057)	3,646	(10,149)	5,102
<b>Balance at the end of the period</b>	<b>5,335</b>	<b>24,283</b>	<b>5,335</b>	<b>24,283</b>

### 5. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

#### Fair value

The carrying value of long-term debt approximates its fair value because of the short maturity on amounts payable. The Corporation classified the fair value measurement in Level 2, as it is derived from observable market data.

As at May 31, 2021, the fair value of the foreign exchange forward contracts amounted to a liability of approximately \$57 [a liability of \$15 as at November 30, 2020] representing the amount the Corporation would pay on settlement of these contracts at spot rates. 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 to a lesser extent in the United States. Credit risk refers to the possibility that customers will be unable to assume their liabilities toward the Corporation. The average collection period for accounts receivable, as at May 31, 2021, is acceptable given the industry in which the Corporation operates.

The Corporation performs ongoing credit evaluation of its customers and generally does not require collateral. The allowance for doubtful accounts increased by \$588 and \$1,283 [2020 - \$997 and \$2,031] during the three- and six-month periods ended May 31, 2021, to a total of \$7,896 as at May 31, 2021 [November 30, 2020 - \$6,613].

#### Market Risk

The Corporation's foreign currency exposure arises from purchases and sales transacted mainly in US dollars and in euro. Operating expenses included, for the three- and six-month periods ended May 31, 2021, foreign exchange losses of \$472 and an \$181 respectively [2020 - foreign exchange gains of \$1,169 and \$1,997 respectively].

The Corporation's policy is to maintain the purchase costs and selling prices of its commercial activities by mitigating its exposure through the use of derivative financial instruments. To protect its operations from exposure to exchange rate fluctuations, foreign exchange forward contracts are used. Significant exchange risks are covered by a centralized cash flow management. Exchange rate risks are managed in accordance with the Corporation's policy on exchange risk management. The goal of this policy is to protect the Corporation's operating results by reducing exposure to exchange rate fluctuations. The Corporation's policy does not allow speculative trades.

## Notes to interim consolidated financial statements (unaudited)

As at May 31, 2021 and 2020 (Amounts are in thousands of dollars, except per-share amounts or otherwise indicated)

As at May 31, 2021, a decrease 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 consolidated net earnings by \$304 [as at May 31, 2020 - \$392] and would have increased consolidated comprehensive income by \$6,624 [as at May 31, 2020 - \$7,123]. The exchange rate sensitivity is calculated by aggregating the net foreign exchange rate exposure of the Corporation's financial instruments as at May 31, 2021.

### Liquidity Risk

The Corporation manages its risk of not being able to settle its financial liabilities when required by taking into account its operational needs and by using different financing tools, as required. In recent years, the Corporation has financed its growth, its acquisitions, and its payout to shareholders using cash generated by operating activities.

### Operating expenses excluding amortization

	For the three months ended May 31,		For the six months ended May 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Inventories from distribution, imports and manufacturing activities recognized as an expense	263,965	181,513	484,914	365,853
Salaries and related charges	42,201	31,115	78,172	67,802
Other charges	4,264	1,855	6,763	5,346
	310,430	214,483	569,849	439,001

For the three- and six-month periods ended May 31, 2021, an expense of \$1,095 and \$2,420 [2020 - \$923 and \$1,829] for inventory obsolescence is included in Inventories from distribution, imports and manufacturing activities recognized as an expense.

### Government Grant

For the three- and six-month periods ended May 31, 2020, the Corporation had recognized an amount of \$3,267 as a reduction of Salaries and related charges, included under *Operating expenses excluding amortization*, in connection with the Canada Emergency Wage Subsidy ("CEWS") program. No amount has been accounted for in 2021.

## 6. CAPITAL MANAGEMENT

The Corporation's objectives are :

- Maintain a low debt ratio to preserve the capacity to pursue its growth both internally and through acquisitions;
- Provide an adequate return to 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 May 31, 2021, the Corporation achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 0.4 % [1.1 % as at November 30, 2020] [Long-term debt/Equity]
- Average return on shareholders' equity of 20.4% over the last 12 months [16.2% for the year ended November 30, 2020]

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

## 7. GEOGRAPHIC INFORMATION

During the three- and six-month periods ended May 31, 2021, nearly 66% of sales were made in Canada [2020 - 63%]. The Corporation's sales in foreign countries, almost all in the United States, amounted to \$123,332 and \$227,673 respectively, for the two periods [2020 - \$93,038 and \$185,724] in Canadian dollars, and to \$99,448 and \$181,329 respectively [2020 - \$66,510 and \$136,827.2268] in US dollars.

As at May 31, 2021, of the total amount of property, plant and equipment, \$7,442 [November 30, 2020 - \$7,677] were located in the United States. In addition, intangible assets located in the United States amounted to \$12,275 [November 30, 2020 - \$14,145] and goodwill to \$14,222 [November 30, 2020 - \$14,479] in Canadian dollars and to \$10,168 [November 30, 2020 - \$10,910] and to \$11,781 [as at November 30, 2020 - \$11,168] in US dollars. Of the total amount of right-of-use assets, \$28,842 [November 30, 2020 - \$31,408] were located in the United States.

## 8. DIVIDENDS PAID TO SHAREHOLDERS OF THE CORPORATION

For the three- and six-month periods ended May 31, 2021, the Corporation paid dividends of \$3,917 and \$11,551 [2020 - zero and \$3,754] to holders of common shares.

## 9. APPROVAL OF FINANCIAL STATEMENTS

The interim consolidated financial statements for the three- and six-month periods ended May 31, 2021 (including the comparative figures) were approved for issue by the Board of Directors on July 8, 2021.

## 10. SUBSEQUENT EVENTS

Effective as of June 1, 2021, the Corporation acquired all of the common and outstanding shares of Uscan Hardware Distribution Ltd, a distributor of industrial screws, bolts and industrial fasteners for the retailer's market in Canada, which operates one distribution center located in Quebec.

Effective as of July 5, 2021, the Corporation acquired, through a newly incorporated subsidiary ("Newco"), 100% of the issued and outstanding shares of Inter-Co Inc., in partial consideration of which a participation equivalent to 25% of the share capital of Newco has been issued in the name of the sellers. Inter-Co Inc. is a distributor of Division 10 products intended for the construction industry operating five distribution centers, three in the United States (Arizona, Ohio and Texas) and two in Canada (Ontario).