Richelieu

Q3

Quarterly Report

Three and nine-month periods ended August 31, 2026

MESSAGE TO SHAREHOLDERS

Richelieu's strong growth and strategic expansion achieved during the third quarter and subsequent to quarter-end once again demonstrate the strength and relevance of its business model, its ability to seize new opportunities in the acquisition market, and its capacity to support future growth. Its strategic agility and sustained market development efforts resulted in sales growth across all of its market segments, despite a relatively uncertain economic environment. Quarterly sales increased by 12.6% compared with the corresponding quarter of 2025 and by 7.2% for the first nine months of 2026. Two new acquisitions were completed during the quarter, followed after quarter-end by the largest acquisition in Richelieu's history, further strengthening its presence in the United States. As a result, five acquisitions have been completed since the beginning of fiscal 2026, representing $145 million in additional annual sales. In September, the Corporation also launched a strategic project that will more than quadruple the size of its Drummondville distribution centre, representing a $15 million investment in the Centre-du-Québec region to support future growth requirements.

During the third quarter, **total sales** benefited from strong internal growth of 10.0% and a 2.6% contribution from acquisitions, reaching $562.0 million. In **Canada**, sales totaled $300.2 million, an increase of 10.2% in the third quarter, including 7.4% internal growth and 2.8% growth from acquisitions. In the **United States**, sales reached US$186.7 million, an increase of 12.9%, including 10.5% internal growth and 2.4% growth from acquisitions. U.S. sales represented 46.6% of total quarterly sales, or C$261.8 million. Solid performance in the **manufacturers'** market across all geographic regions drove sales in this segment to $493.3 million, an increase of 11.5%, including 8.9% internal growth and 2.6% growth from acquisitions. In the **retail** and home improvement superstore market, sales reached $68.7 million, an increase of 20.9% compared with the corresponding quarter of 2025. This significant increase mainly reflects initial shipments made to a major U.S. customer, which nearly doubled sales (US$) in the U.S. retail and home improvement superstore market, while sales in Canada increased by 4.6% in this segment.

Third-quarter EBITDA amounted to $65.5 million, up 14.8% compared with $57.0 million in the corresponding quarter of 2025. This increase mainly reflects sales growth and the favourable impact of $3 million related to the refund of certain U.S. customs duties imposed under the International Emergency Economic Powers Act ("IEEPA"). This amount, recognized as a reduction in cost of goods sold, represents approximately 60 basis points of the **EBITDA margin** of 11.7%. **Net earnings attributable to shareholders** amounted to $0.53 per diluted share, up 23.3%, including a favourable impact of $0.04 per share related to the refund.

For the first nine months of fiscal year 2026, sales totaled $1.6 billion, driven by 4.6% internal growth and a 2.6% contribution from acquisitions. **EBITDA** reached $164.8 million, up by 6.5%, while **net earnings attributable to shareholders** amounted to $1.21 per diluted share, compared with $1.08 for the corresponding period of 2025.

RECENT ACQUISITIONS AND MAJOR DISTRIBUTION CENTRE EXPANSION SUPPORTING FUTURE GROWTH

Acquired on September 1, 2026**, The Penrod Company ("Penrod")** represents an additional US$70 million in annual sales, adds seven distribution centres to Richelieu's U.S. network (North Carolina, Texas, Minnesota, California, Colorado, Arizona, and Florida), and strengthens the Corporation's presence among a diversified customer base that includes door manufacturers, architects, residential and commercial contractors, and specialised distributors.

In September 2026, **Richelieu announced a $15 million investment to expand its Drummondville distribution centre from 40,000 to 180,000 Square feet**. The project is currently underway and is expected to be completed in the spring of 2027.

Five acquisitions since the beginning of fiscal year 2026 representing $145 million in additional annual sales

- (Q1) Three distribution centres of **McKillican American**, Oregon and Washington State;
- (Q2) **Finium**, a distributor and manufacturer of premium wall covering panels, Frampton, Quebec;
- (Q3) **Solutions Acoustiques**, a distributor of standard and premium acoustic products, Greater Montreal area;
- **Winnec**, a specialised hardware distributor operating three distribution centres in the Greater Toronto Area; and
- (Q4) **The Penrod Company**, with seven distribution centres across the United States.

Richelieu continues integrating its recent acquisitions by developing sales synergies and remains attentive to acquisition opportunities that can contribute to its long-term growth and further strengthen its leadership position across North America.

NEXT DIVIDEND PAYMENT

Effective October 7, 2026, the Board of Directors approved the payment of a quarterly dividend of $0.1566 per share. This dividend will be paid on November 5, 2026, to shareholders of record on October 22, 2026.

PRESENTATION BASIS

This Management's Discussion and Analysis ("MD&A") relates to Richelieu Hardware Ltd.'s consolidated operating results and cash flows for the third quarter and first nine months ended August 31, 2026, in comparison with the third quarter and first nine months ended August 31, 2025, as well as the Corporation's financial position as at August 31, 2026, compared with that of November 30, 2025. This report should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the third quarter and first nine months ended August 31, 2026, as well as the Corporation's fiscal 2025 MD&A and audited consolidated financial statements available on the website SEDAR+ at www.sedarplus.com and on the Corporation's website at www.richelieu.com. In this MD&A, "Richelieu" or the "Corporation" refers, as the case may be, to Richelieu Hardware Ltd. and its subsidiaries and divisions, or to one of its subsidiaries or divisions. Supplementary information, including certificates for the interim period ended August 31, 2026, signed by the Corporation's President and Chief Executive Officer and Chief Financial Officer and Chief Operating Officer, is available on SEDAR+. The information contained in this MD&A accounts for any major event that occurred prior to October 7, 2026, on which date the unaudited interim consolidated financial statements and interim MD&A were approved by the Corporation's Board of Directors. Unless otherwise indicated, the financial information presented below, including amounts shown in tables, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the third quarter and first nine months ended August 31, 2026, have not been audited or reviewed by the Corporation's auditors.

NON-IFRS MEASURES

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

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

FORWARD-LOOKING STATEMENTS

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

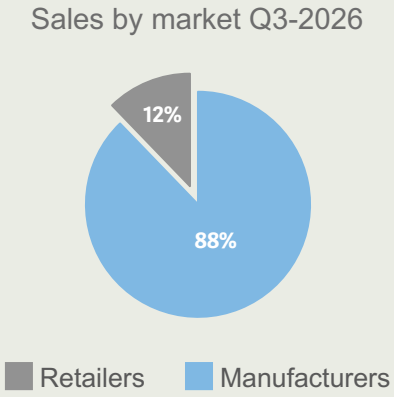
Although management believes these assumptions and expectations to be reasonable based on the information available at the time they were prepared, they could prove inaccurate. Forward-looking statements are also subject, by their very nature, to known and unknown risks and uncertainties set forth in the 2025 annual MD&A (see the "Risk Factors" section) available on SEDAR+ and on the Corporation's website.

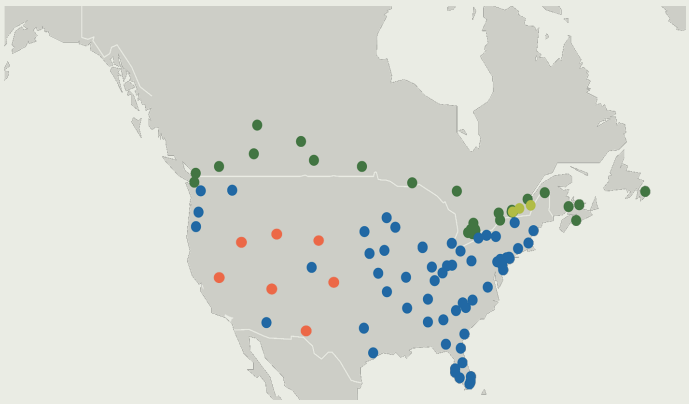
Richelieu's actual results could differ materially from those indicated in or underlying these forward-looking statements. The reader is therefore cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items,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

GENERAL BUSINESS OVERVIEW AS AT AUGUST 31, 2026

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

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





Richelieu's offer	124 interconnected centres
Over **145,000** different items	**54** DISTRIBUTION CENTRES IN CANADA
More than **120,000** active customers	**66** DISTRIBUTION CENTRES IN THE UNITED STATES
5,400,000 sq.ft. of storage	**4** MANUFACTURING CENTRES
	COVERAGE BY REPRESENTATIVES

Main product categories	
Furniture, glass and building decorative and functional hardware	Sliding systems solutions
Fasteners and fittings	Decorative, functional and acoustic panels
Lighting solutions and accessories	Surfaces and quartz
Finishing and decoration products	Baluster and railings
Office accessories	Floor protection products
Kitchen and closet storage solutions	Power tool accessories

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

The Corporation complements this offering through its four manufacturing centres (Les Industries Cedan, Menuiserie des Pins, Finium, 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 premium decorative and acoustic wall panels. The Corporation also operates a 3D scanning centre.

The Corporation employs over 3,200 people 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

Richelieu, onward, Reliable, Kolossus, Richelieu, Brillanté, MIBRO, CEDAN, StrukArt, DAYVAN, Feltac eco, Richelieu Ergo, LIONGRIP, RIVEO, NYSTROM, FormArt, AXIAL, LAKNORD, MADICO, Wall-It, inter-co, EvolutionHD, serenity series, KingCord, KingChain, TASK, Power Drive, IDEAL, KLASSEN, OPTIMIZ-R

MISSION AND STRATEGY

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

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

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

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

THIRD QUARTER HIGHLIGHTS AND KEY FINANCIAL DATA

- **Sales** of $562.0 million, an increase of 12.6%, including 10.0% internal growth and 2.6% from acquisitions. Sales totaled $300.2 million in Canada (+10.2%) and US$186.7 million in the United States (+12.9% in US dollars).
- **EBITDA** of $65.5 million, an increase of 14.8%. EBITDA margin: 11.7%, including 60 basis points attributable to the tariff refund[(1)].
- **Net earnings attributable to shareholders** of $29.2 million, an increase of 22.4%, or $0.53 diluted earnings per share (+23.3%), including $0.04 per share from the tariff refund[(1)].
- **Adjusted cash flows from operating activities** of $54.5 million, an increase of 13.5%.
- **Expansion** – 2 acquisitions completed during the third quarter (Solutions Acoustiques, QC, and Winnec, ON), followed on September 1 by the acquisition of Penrod's Hardware Division (U.S.). Launch of the $15 million expansion project at our Drummondville, Quebec, distribution centre.

NETWORK DEVELOPMENT

Since the beginning of fiscal year 2026, Richelieu completed the following acquisitions:

Date	Company Name	Nature of operations	Locations
December 12, 2025	McKillican American	Distributor of specialty hardware and building material	Portland, OR, Seattle and Spokane, WA
May 1, 2026	Fini U.V. International Inc. (Finium)	Specialised in the design and manufacturing of premium decorative and acoustic wall covering panels	Frampton, QC
June 26, 2026	Distributions Air-Cube Inc. (Solutions Acoustiques)	Specialised distributor of standard and premium acoustic products	Montreal, QC
July 8, 2026	Winnec Inc.	Specialised hardware distributor	Markham, Vaughan, and Mississauga, ON.
September 1, 2026*	The Penrod Company	Specialised distributor of hardware and components for residential and commercial doors.	Seven centres in the US

These five acquisitions represent approximately $145 million in additional annual sales and enable the Corporation to integrate new expertise, specialised products and a diversified customer base, while further strengthening its geographic footprint across North America. Acquired on September 1, 2026, Penrod's Hardware Division, the largest acquisition completed by the Corporation to date, adds approximately US$70 million in annual sales and seven distribution centres to its U.S. network, further strengthening its presence in several key U.S. markets and its ability to serve a diversified customer base. In addition, the Corporation announced a $15 million investment to expand its Drummondville distribution centre, increasing its size from 40,000 to 180,000 square feet, with the aim of increasing capacity and supporting future growth. During the fourth quarter of 2026, the Corporation will continue integrating these new businesses and advancing its expansion projects, while continuing to evaluate acquisition opportunities in its target markets. In the current economic environment, the Corporation remains well positioned to pursue acquisitions that meet its strategic criteria and support its long-term growth.

*Acquisition completed after August 31, 2026, as disclosed in the "Subsequent Event" section of this report.

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

OPERATING AND CASH FLOW INFORMATION (unaudited)

(in millions of dollars, except margins and per share data)	Quarter ended August 31			Nine months ended August 31		
	2026	2025	Δ %	**2026**	2025	Δ %
Sales	**562.0**	499.2	12.6	**1,557.6**	1,453.1	7.2
EBITDA [1]	**65.5**	57.0	14.8	**164.8**	154.7	6.5
EBITDA margin (%)	***11.7***	*11.4*		***10.6***	*10.6*	
Net earnings attributable to shareholders	**29.2**	23.9	22.4	**66.9**	60.3	11.0
• basic per share ($)	**0.53**	0.43	23.3	**1.22**	1.09	11.9
• diluted per share ($)	**0.53**	0.43	23.3	**1.21**	1.08	12.0
Cash flows from operating activities	**59.4**	82.7	(28.2)	**95.9**	133.6	(28.2)
Adjusted cash flows from operating activities [1]	**54.5**	48.1	13.5	**140.4**	132.1	6.3
• diluted per share ($) [1]	**0.99**	0.87	13.8	**2.54**	2.38	6.7
Dividends paid per share ($)	**0.1566**	0.1533	2.2	**0.3132**	0.3066	2.2
Weighted average number of shares outstanding (diluted, in thousands)	**55,072**	55,561	(0.9)	**55,181**	55,571	(0.7)

DATA ON THE FINANCIAL SITUATION

(in millions of dollars, except ratios)	**As at August 31, 2026**	As at November 30, 2025	Δ %
Total assets	**1,580.3**	1,444.0	9.4
Working capital	**702.6**	624.0	12.6
Current ratio	***3.2:1***	*3.3:1*	
Equity attributable to shareholders	**997.9**	961.9	3.7
Average return on shareholders' equity (%)	***9.5***	*9.1*	
Book value per share ($)	**18.19**	17.52	3.8
Total long-term debt	**74.7**	9.9	657.8
Net cash	**50.9**	22.6	124.7

CA$ / US$ EXCHANGE RATES

The following table presents the average exchange rates applicable to the third quarter and the first nine months ended August 31, 2026 and 2025, as well as the closing rates on August 31, 2026, and November 30, 2025. The average rates are used to convert income and expenses of foreign establishments for the periods covered while other elements of the statements of financial position and results of Canadian entities are translated at the exchange rates in effect at the date of transaction. The closing rates are used to convert the assets and liabilities of foreign establishments and the monetary assets and liabilities in foreign currencies of Canadian operations.

Average rates for the quarters ended August 31		Average rates for the nine months periods ended August 31		Closing rates	
2026	2025	**2026**	2025	**As at August 31, 2026**	As at November 30, 2025
1.402	1.372	**1.384**	1.402	**1.387**	1.398

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

ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2026, COMPARED WITH THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2025

(in millions of dollars, except per share data)	Quarters ended August 31			Nine months ended August 31		
	2026	2025	Δ %	**2026**	2025	Δ %
Sales	**562.0**	499.2	12.6	**1,557.6**	1,453.1	7.2
Operating expenses excluding amortization	**496.5**	442.2	12.3	**1,392.8**	1,298.4	7.3
EBITDA	**65.5**	57.0	14.8	**164.8**	154.7	6.5
Amortization of property, plant and equipment and right-of-use assets	**17.6**	16.1	9.6	**51.5**	48.1	7.0
Amortization of intangible assets	**2.5**	2.6	(4.4)	**7.7**	8.2	(6.5)
Net financial costs	**3.3**	3.4	(2.5)	**10.0**	11.1	(10.1)
	23.5	22.1	6.0	**69.2**	67.5	2.5
Earnings before income taxes	**42.0**	34.9	20.4	**95.6**	87.2	9.7
Income taxes	**11.5**	9.3	23.3	**26.0**	23.4	11.3
Net earnings	**30.5**	25.6	19.3	**69.6**	63.8	9.1
Net earnings attributable to:						
Shareholders of the Corporation	**29.2**	23.9	22.4	**66.9**	60.3	11.0
Non-controlling interests	**1.3**	1.7	(23.9)	**2.7**	3.5	(22.6)
Net earnings per share attributable to shareholders of the Corporation						
Basic	**0.53**	0.43	23.3	**1.22**	1.09	11.9
Diluted	**0.53**	0.43	23.3	**1.21**	1.08	12.0

Sales

The following table provides an overview of Richelieu's **sales** in its two main markets for the quarters ended August 31, 2026 and 2025 :

Quarters ended August 31 *(in millions of dollars, except exchange rates)*	**2026**	2025	Δ %		
			Total	Internal	Acquisitions
Consolidated	**562.0**	499.2	12.6	10.0	2.6
Manufacturers	**493.3**	442.4	11.5	8.9	2.6
Retailers	**68.7**	56.8	20.9	18.4	2.5
Canada	**300.2**	272.3	10.2	7.4	2.8
Manufacturers	**252.1**	226.3	11.4	8.4	3.0
Retailers	**48.1**	46.0	4.6	2.8	1.8
United States in US$	**186.7**	165.3	12.9	10.5	2.4
Manufacturers	**172.0**	157.4	9.3	7.0	2.3
Retailers	**14.7**	7.9	86.1	81.2	4.9
United States in CA$	**261.8**	226.9	15.4		
Average exchange rates	***1.402***	*1.372*			

For the **third quarter** ended August 31, 2026, consolidated **sales** totalled $562.0M, compared with $499.2M for the third quarter of 2025, representing an increase of $62.8M, or 12.6%, of which 2.6% was attributable to the positive contribution of acquisitions and 10.0% to internal growth. Internal growth primarily reflects price increases aimed at offsetting higher product and freight costs. In addition, the strong sales growth in the retail and home improvement superstore market is mainly due to initial deliveries to a major customer in the United States. On a constant-currency basis relative to the third quarter of 2025, consolidated sales would have increased by 11.3% for the quarter ended August 31, 2026.

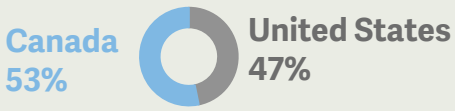
The following table provides an overview of Richelieu's **sales** in its two main markets for the nine-month periods ended August 31, 2026 and 2025 :

Nine months ended August 31 *(in millions of dollars, except exchange rates)*	**2026**	2025	Δ %		
			Total	Internal	Acquisitions
Consolidated	**1557.6**	1453.1	7.2	4.6	2.6
Manufacturers	**1375.2**	1283.6	7.1	4.7	2.4
Retailers	**182.4**	169.5	7.6	4.3	3.3
Canada	**841.1**	789.5	6.5	4.5	2.0
Manufacturers	**704.3**	656.6	7.3	5.3	2.0
Retailers	**136.8**	132.9	2.9	0.4	2.5
United States in US$	**517.8**	473.4	9.4	3.3	6.1
Manufacturers	**484.8**	447.3	8.4	5.3	3.1
Retailers	**33.0**	26.1	26.4	20.1	6.3
United States in CA$	**716.5**	663.6	8.0		
Average exchange rates	***1.384***	*1.402*			

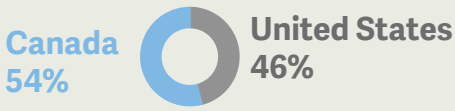
In the first nine months of 2026, consolidated **sales** reached $1.6B, up $104.5M or 7.2% over the first nine months of 2025, of which 2.6% from the positive contribution of acquisitions and 4.6% from internal growth. On a currency-comparable basis with the corresponding period in 2025, the increase in consolidated sales would have been 7.9%.

Breakdown of sales by country (in Canadian dollars)

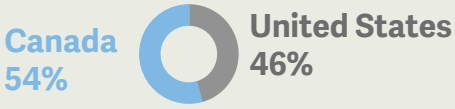
Q3-2026



Q3-2025



Q3-2026 year-to-date



Q3-2025 year-to-date



Operating expenses excluding amortization

For the quarter ended August 31, 2026, operating expenses excluding amortization totalled $496.5M, representing 88.3% of sales, compared with $442.2M, or 88.6% of sales, for the corresponding period of fiscal 2025. The increase in absolute dollars was primarily attributable to higher sales volumes, while the improvement as a percentage of sales reflects, in part, a tariff refund of $3M related to certain U.S. customs duties, which was recorded as a reduction of cost of goods sold.

For the first nine months of the year, operating expenses excluding amortization totalled $1.4B, or 89.4% of sales, compared with $1.3B, or 89.4% of sales, for the corresponding period in 2025. The increase in absolute dollars was primarily attributable to sales growth. As a percentage of sales, operating expenses remained stable, as the impact of selling price increases implemented to offset higher tariff costs was fully offset by the favourable impact of the $3M tariff refund, which was recorded during the third quarter as a reduction of cost of goods sold.

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

In the third quarter of 2026, EBITDA amounted to $65.5M, an increase of $8.5M, or 14.8%, compared with the corresponding quarter of 2025. This increase was mainly attributable to sales growth and the refund of $3M of certain U.S. customs duties. The EBITDA margin was 11.7%, compared with 11.4% for the corresponding quarter of 2025, and included a favourable impact of approximately 60 basis points attributable to this refund.

For the first nine months, EBITDA amounted to $164.8M, an increase of $10.1M, or 6.5%, compared with the corresponding first nine months of 2025.

Amortization and net financial costs

Amortization expense for the third quarter of 2026 amounted to $20.1M, up $1.4M compared to the same period in 2025, resulting from the growth of right-of-use assets, related mainly to lease renewals. **Net financial costs** totalled $3.3M, compared to $3.4M in the corresponding quarter of 2025, representing a decrease of $0.1M.

For the first nine months of 2026, **amortization expense** amounted to $59.2M, up $2.8M over the corresponding period of 2025. **Net financial costs** were $10.0M in the first nine months of 2026, compared to $11.1M for the corresponding period in 2025, a decrease of $1.1M.

Income taxes

For the third quarter of 2026, income tax expense was $11.5M, compared to an expense of $9.3M in the same period last year, an effective tax rate of 27.3% in 2026 and 26.7% in 2025.

For the first nine-month period, income tax expense was $26.0M compared to $23.4M in 2025, representing effective tax rates of 27%.

Net earnings and comprehensive income

Third quarter net earnings were $30.5M, an increase of 19.3% from the corresponding quarter of 2025. Including non-controlling interests, net earnings attributable to shareholders of the Corporation were $29.2M, an increase of 22.4% from the third quarter of 2025. Net earnings per share were $0.53, basic and diluted, compared to $0.43, basic and diluted, for the third quarter of 2025, an increase of 23.3%.

For the first nine-month period, net earnings attributable to shareholders of the Corporation were $66.9M, up 11.0% compared with the corresponding period of 2025. Net earnings per share were $1.22 basic and $1.21 diluted, compared to $1.09 basic and $1.08 diluted for the same period of 2025, up 11.9% and 12.0% respectively.

Comprehensive income amounted to $32.3M, reflecting a positive adjustment of $1.8M on translation of the financial statements of the subsidiary in the United States, compared to $25.2M for the same period in 2025, which reflected a negative adjustment of $0.4M on translation of the financial statements of the subsidiary in the United States. For **the first nine months**, comprehensive income totalled $66.9M, compared to $56.8M for the corresponding nine-month period of 2025.

Quarterly data

(in millions of dollars, except per share data) **2026**	Q1	Q2	Q3	Q4
Sales	**463.6**	**532.1**	**562.0**	
EBITDA	**43.2**	**56.1**	**65.5**	
Net earnings attributable to shareholders of the Corporation	**14.4**	**23.2**	**29.2**	
• basic per share ($)	**0.26**	**0.42**	**0.53**	
• diluted per share ($)	**0.26**	**0.42**	**0.53**	
2025	Q1	Q2	Q3	Q4
Sales	441.7	512.2	499.2	510.9
EBITDA	42.4	55.2	57.0	59.2
Net earnings attributable to shareholders of the Corporation	13.9	22.5	23.9	25.6
• basic per share ($)	0.25	0.41	0.43	0.46
• diluted per share ($)	0.25	0.41	0.43	0.46
2024	Q1	Q2	Q3	Q4
Sales	406.9	481.4	467.7	476.2
EBITDA	40.4	53.8	53.0	54.3
Net earnings attributable to shareholders of the Corporation	15.2	23.4	22.7	24.4
• basic per share ($)	0.27	0.42	0.41	0.44
• diluted per share ($)	0.27	0.42	0.41	0.44

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

Analysis of the main cash flows for the third quarter and the first nine months ended August 31, 2026

(in millions of dollars)	Quarters ended August 31		Nine months ended August 31	
	2026	2025	**2026**	2025
Cash flows provided by (used in):				
Operating activities	**59.4**	82.7	**95.9**	133.6
Financing activities	**36.9**	(25.4)	**(21.7)**	(70.1)
Investing activities	**(19.8)**	(3.0)	**(45.8)**	(39.0)
Effect of exchange rate changes on cash and bank overdraft	**(0.1)**	(0.1)	**(0.2)**	0.2
Net change in cash	**76.4**	54.1	**28.2**	24.7
Net cash (Net bank overdraft), beginning of period	**(25.5)**	(41.7)	**22.6**	(12.3)
Net cash, end of period	**50.9**	12.4	**50.9**	12.4

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

(in millions of dollars)	Quarters ended August 31		Nine months ended August 31	
	2026	2025	**2026**	2025
Cash flow from operating activities	**59.4**	82.7	**95.9**	133.6
Net change in non-cash working capital balances (inflow)	**(4.8)**	(34.6)	**44.5**	(1.5)
Adjusted cash flows from operating activities	**54.5**	48.1	**140.4**	132.1

Operating activities

Third quarter adjusted cash flow from operating activities, before net change in non-cash working capital balances, was $54.5M or $0.99 per diluted share compared to $48.1M or $0.87 per diluted share for the third quarter of 2025. This 13.5% increase mainly reflects the increase in net earnings. Net change in non-cash working capital items represented a cash inflow of $4.8M, reflecting a $24.7M variation in accounts payable, while accounts receivable, inventories and other items used cash flows of $19.9M. As a result, operating activities provided a cash inflow of $59.4M, compared to a cash inflow of $82.7M in the third quarter of 2025.

For the first nine months, adjusted cash flow from operating activities, before net change in non-cash working capital balances, was $140.4M, or $2.54 per diluted share, compared to $132.1M, or $2.38 per diluted share, for the first nine months of 2025. The net change in non-cash working capital items used cash flows of $44.5M, mainly reflecting the change in inventories and accounts receivable which used cash flows of $73.5M, while accounts payable and other items represented a cash inflow of $29.0M. As a result, operating activities represented a cash inflow of $95.9M, compared to a cash inflow of $133.6M in the first nine months of 2025.

Financing activities

In the third quarter, financing activities represented a cash inflow of $36.9M compared to a cash outflow of $25.4M in the third quarter of 2025. During the quarter, the Corporation contracted a new long-term debt of $62.4M, repaid long-term debt of $1.2M, paid lease obligations of $14.0M and distributed dividends to shareholders totaling $8.6M, compared to lease obligation payments of $12.2M and dividend payments of $8.5M in the third quarter of 2025.

In the first nine months, financing activities resulted in a cash outflow of $21.7M, compared with $70.1M for the corresponding period in 2025. During the period, cash inflows from financing activities included $62.4M in new long-term debt and $4.9M in proceeds from the issuance of shares. Cash outflows included the repayment of $7.8M in long-term debt, payments of $40.7M toward lease obligations and the repurchase of common shares for $9.4M. For the first nine months of 2025, the Corporation had repaid $3.4M in long-term debt, paid $35.8M toward lease obligations, issued shares for proceeds of $2.9M and repurchased common shares for $3.7M. Dividends paid to the Corporation's shareholders totalled $25.8M, compared with $25.4M for the corresponding period in 2025.

Investing activities

In the third quarter, investing activities totalled $19.8M of which $16.3M is for business acquisitions and $3.4M primarily for the purchase of equipment to maintain and improve operational efficiency.

For the first nine months, investing activities represented a total cash outflow of $45.8M, including $31.7M for business acquisitions completed during the first nine months and $14.1M primarily for the purchase of equipment to maintain and improve operational efficiency, including some IT equipment.

Sources of financing

As at August 31, 2026, **net cash** was $50.9M, compared to a net cash of $22.6M as at November 30, 2025, total **assets** were $1.58B, compared to $1.44B as at November 30, 2025, and the Corporation had a **working capital** of $702.6M, for a ratio of 3.2:1, compared to $624.0M (ratio of 3.3:1) as at November 30, 2025, with an average return on shareholders' equity of 9.5%.

Richelieu believes it has the capital resources to fulfill its ongoing commitments and obligations and to assume the funding requirements needed for its growth and the financing and investing activities expected in fiscal 2026. The Corporation has access to an authorized line of credit of $85M [$85M as at November 30, 2025] as well as a line of credit of US$81M [US$56M as at November 30, 2025] renewable annually and bearing interest at the bank's prime and the SOFR rate plus 1.40%, respectively. In addition, Richelieu considers it could access other outside financing if necessary.

The Corporation entered into new debt in the amount of US$45M in connection with the acquisition of Penrod. The debt bears interest at a variable rate corresponding to the one-month Term SOFR rate, plus 1.60%. The term credit facility is repayable through quarterly principal instalments of US$1.35M commencing March 31, 2027. Any outstanding balance will become due and payable at the final maturity date of August 31, 2029.

ANALYSIS OF FINANCIAL POSITION

(in millions of dollars)	**As at August 31, 2026**	As at November 30, 2025	Δ %
Current assets	**1,017.8**	896.1	13.6
Non-current assets	**562.6**	547.8	2.7
Total	**1,580.4**	1,444.0	9.4
Current liabilities	**315.2**	272.1	15.8
Non-current liabilities	**264.3**	207.1	27.6
Equity attributable to shareholders of the Corporation	**997.9**	961.9	3.7
Non-controlling interests	**3.0**	2.8	7.0
Total	**1,580.4**	1,444.0	9.4

Assets

Total assets were $1.58B as at August 31, 2026, compared to $1.44B as at November 30, 2025, an increase of 9.4%. Current assets increased by 13.6% or $121.7M from November 30, 2025 mainly due to the increase in inventory, accounts receivable and cash. The latter includes the proceeds of a new US$45M long-term debt facility, received prior to quarter-end and intended to finance the acquisition of Penrod, which was completed on September 1, 2026. Non-current assets increased by 2.7%.

Liabilities

Current liabilities amounted to $315.2M as at August 31, 2026, an increase of 15.8% from $272.1M as at November 30, 2025, mainly due to an increase in accounts payable and accrued liabilities. Non-current liabilities totalled $264.3M as at August 31, 2026 compared to $207.1M as at November 30, 2025, an increase of 27.6%. Long-term debt, including the current portion, was $74.7M as at August 31, 2026 and primarily represents the new debt of US$45M linked to the acquisition of Penrod and balances payable on acquisitions.

Shareholders’ equity

The Corporation's shareholders' equity was $997.9M as at August 31, 2026, compared to $961.9M as at November 30, 2025, an increase of $36.0M mainly due to increases of $32.0M in retained earnings and $6.6M in capital stock and contributed surplus, while accumulated other comprehensive income was down by $2.7M. As at August 31, 2026, the book value per share was $18.19, up 3.8% from November 30, 2025.

Share capital and stock options

As at August 31, 2026, the Corporation's share capital consisted of 54,845,937 common shares [54,911,836 common shares as at November 30, 2025]. For the three and nine-month periods ended August 31, 2026, the weighted average number of diluted shares outstanding was 55,072,174 and 55,180,510 [55,561,110 and 55,570,600 in 2025]. In addition, 1,930,600 stock options were outstanding as at August 31, 2026 [November 30, 2025 - 1,802,825].

The following table presents the changes in outstanding share capital and stock options for the nine-month period ended August 31, 2026:

Number of shares		Number of options	
Outstanding, November 30, 2025	54,911,836	Outstanding, November 30, 2025	1,802,825
Issued upon exercise of options	170,100	Exercised	(170,100)
Repurchased	(235,999)	Granted	340,500
Other	—	Cancelled	(42,625)
Outstanding, August 31, 2026	54,845,937	Outstanding, August 31, 2026	1,930,600

SUBSEQUENT EVENT

Effective September 1, 2026, the Corporation acquired all of the issued and outstanding shares of The Penrod Company, a U.S. distributor specialising in hardware and components for residential and commercial doors, serving the U.S. market from seven distribution centres located in High Point, NC, Coppell, TX, Eden Prairie, MN, San Jose, CA, Glendale, AZ, Denver, CO and Palm River-Clair Mel, FL. This transaction is expected to generate approximately US$70M in annual sales.

FINANCIAL INSTRUMENTS

Richelieu periodically enters into foreign exchange forward contracts to fully or partially hedge the effects of foreign currency fluctuations related to foreign-currency denominated liabilities 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.

In notes 1 and 13 of the audited consolidated financial statements for the year ended November 30, 2025, the Corporation presents the information on the classification and fair value of its financial instruments, as well as on their value and management of the risks arising from their use.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As indicated in the 2025 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 consolidated financial statements are prepared in accordance with IFRS. The President and Chief Executive Officer and the Chief Financial Officer and Chief Operating 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, 2025. In light of this assessment, they concluded that the design and the effectiveness of internal controls over financial reporting ("ICFR and DC&P") were effective. During the quarter ended August 31, 2026, management ensured that there were no material changes in the Corporation's procedures that were reasonably likely to have a material impact on its internal control over financial reporting. No such changes were identified.

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

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's interim consolidated financial statements for the quarter ended August 31, 2026, 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, 2025, and for the year then ended, which require management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and appearing in the accompanying notes, which could be modified. The estimates are based on management's knowledge of current events, on the measures the Corporation could take in the future and on other factors deemed relevant and reasonable.

Risk factors are described in the "Risk Factors" section of the Corporation's annual report for the fiscal year ended November 30, 2025, available on SEDAR+ and on the Corporation's website.

SUPPLEMENTARY INFORMATION

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

President and Chief Executive Officer



Richard Lord

Chief Financial Officer and Chief Operating Officer,



Antoine Auclair

October 7, 2026

Interim Consolidated Financial Statements

Richelieu Hardware Ltd.

For the three and nine-month periods ended August 31, 2026
[Unaudited]

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in thousands of dollars]
[unaudited]

	Notes	As at August 31, 2026 $	As at November 30, 2025 $
ASSETS			
Current assets			
Cash		**80,863**	45,523
Accounts receivable		**295,439**	257,437
Income taxes receivable		**1,232**	5,502
Inventories		**625,827**	576,360
Prepaid expenses		**14,409**	11,324
		1,017,770	896,146
Non-current assets			
Property, plant and equipment		**90,414**	90,473
Intangible assets		**74,053**	68,378
Right-of-use assets		**213,772**	218,641
Goodwill		**168,995**	155,688
Deferred taxes		**15,327**	14,628
		1,580,331	1,443,954
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft		**30,000**	22,887
Accounts payable and accrued liabilities		**193,430**	162,326
Income taxes payable		**—**	2,227
Current portion of long-term debt	4	**12,077**	7,595
Current portion of lease obligations		**53,554**	49,568
Other liabilities		**26,118**	27,517
		315,179	272,120
Non-current liabilities			
Long-term debt	4	**62,668**	2,269
Lease obligations		**188,512**	194,594
Deferred taxes		**13,137**	10,252
		579,496	479,235
Equity			
Share capital	5	**84,491**	78,902
Contributed surplus		**13,823**	12,804
Retained earnings		**865,006**	832,966
Accumulated other comprehensive income	6	**34,538**	37,264
Equity attributable to shareholders of the Corporation		**997,858**	961,936
Non-controlling interests		**2,977**	2,783
		1,000,835	964,719
		1,580,331	1,443,954

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]

		For the three months ended August 31		For the nine months ended August 31	
		2026	2025	**2026**	2025
	Notes	**$**	$	**$**	$
Sales		**561,996**	499,202	**1,557,622**	1,453,093
Operating expenses excluding amortization	7	**496,517**	442,172	**1,392,780**	1,298,442
Earnings before amortization, financial costs and income taxes		**65,479**	57,030	**164,842**	154,651
Amortization of property, plant and equipment and right-of-use assets		**17,617**	16,076	**51,501**	48,135
Amortization of intangible assets		**2,528**	2,643	**7,714**	8,246
Net financial costs		**3,339**	3,426	**9,984**	11,104
		23,484	22,145	**69,199**	67,485
Earnings before income taxes		**41,995**	34,885	**95,643**	87,166
Income taxes		**11,470**	9,304	**26,035**	23,390
Net earnings		**30,525**	25,581	**69,608**	63,776
Net earnings attributable to:					
Shareholders of the Corporation		**29,242**	23,894	**66,888**	60,263
Non-controlling interests		**1,283**	1,687	**2,720**	3,513
		30,525	25,581	**69,608**	63,776
Net earnings per share attributable to shareholders of the Corporation					
Basic		**0.53**	0.43	**1.22**	1.09
Diluted		**0.53**	0.43	**1.21**	1.08

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]

		For the three months ended August 31		For the nine months ended August 31	
		2026	2025	**2026**	2025
	Notes	**$**	$	**$**	$
Net earnings		**30,525**	25,581	**69,608**	63,776
Other comprehensive income that will be reclassified to net earnings					
Exchange differences on translation of foreign subsidiary	6	**1,764**	(382)	**(2,726)**	(6,959)
Comprehensive income		**32,289**	25,199	**66,882**	56,817
Comprehensive income attributable to:					
Shareholders of the Corporation		**31,006**	23,512	**64,162**	53,304
Non-controlling interests		**1,283**	1,687	**2,720**	3,513
		32,289	25,199	**66,882**	56,817

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						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
	$	$	$	$	$	$	$
Notes	5			6			
Balance as at November 30, 2024	75,145	11,182	801,879	38,303	926,509	2,490	928,999
Net earnings	—	—	60,263	—	60,263	3,513	63,776
Other comprehensive loss	—	—	—	(6,959)	(6,959)	—	(6,959)
Comprehensive income (loss)	—	—	60,263	(6,959)	53,304	3,513	56,817
Shares repurchased	(147)	(75)	(3,536)	—	(3,758)	—	(3,758)
Stock options exercised	3,624	(675)	—	—	2,949	—	2,949
Share-based compensation expense	—	2,095	—	—	2,095	—	2,095
Dividends *[note 10]*	—	—	(25,432)	—	(25,432)	(1,877)	(27,309)
Other liabilities	—	—	—	—	—	(1,245)	(1,245)
Acquisition of interests from minority shareholders	—	—	51	—	51	(195)	(144)
	3,477	1,345	(28,917)	—	(24,095)	(3,317)	(27,412)
Balance as at August 31, 2025	78,622	12,527	833,225	31,344	955,718	2,686	958,404
Balance as at November 30, 2025	**78,902**	**12,804**	**832,966**	**37,264**	**961,936**	**2,783**	**964,719**
Net earnings	**—**	**—**	**66,888**	**—**	**66,888**	**2,720**	**69,608**
Other comprehensive loss	**—**	**—**	**—**	**(2,726)**	**(2,726)**	**—**	**(2,726)**
Comprehensive income (loss)	**—**	**—**	**66,888**	**(2,726)**	**64,162**	**2,720**	**66,882**
Shares repurchased	**(356)**	**(188)**	**(9,068)**	**—**	**(9,612)**	**—**	**(9,612)**
Stock options exercised	**5,945**	**(1,094)**	**—**	**—**	**4,851**	**—**	**4,851**
Share-based compensation expense	**—**	**2,301**	**—**	**—**	**2,301**	**—**	**2,301**
Dividends *[note 10]*	**—**	**—**	**(25,780)**	**—**	**(25,780)**	**(3,866)**	**(29,646)**
Other liabilities	**—**	**—**	**—**	**—**	**—**	**1,340**	**1,340**
	5,589	**1,019**	**(34,848)**	**—**	**(28,240)**	**(2,526)**	**(30,766)**
Balance as at August 31, 2026	**84,491**	**13,823**	**865,006**	**34,538**	**997,858**	**2,977**	**1,000,835**

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	
		2026	2025	**2026**	2025
		$	$	**$**	$
OPERATING ACTIVITIES					
Net earnings		**30,525**	25,581	**69,608**	63,776
Items not affecting cash					
Amortization of property, plant and equipment and right-of-use assets		**17,617**	16,076	**51,501**	48,135
Amortization of intangible assets		**2,528**	2,643	**7,714**	8,246
Deferred taxes		**(231)**	(311)	**(735)**	(1,226)
Share-based compensation expense	5	**764**	654	**2,301**	2,095
Net financial costs		**3,339**	3,426	**9,984**	11,104
		54,542	48,069	**140,373**	132,130
Net change in non-cash working capital balances		**4,822**	34,594	**(44,457)**	1,518
		59,364	82,663	**95,916**	133,648
FINANCING ACTIVITIES					
Increase in long-term debt	4	**62,397**	—	**62,397**	—
Repayment of long-term debt		**(1,176)**	(863)	**(7,796)**	(3,392)
Payment of lease obligations		**(13,981)**	(12,243)	**(40,716)**	(35,768)
Dividends paid to shareholders of the Corporation	10	**(8,588)**	(8,480)	**(25,780)**	(25,432)
Interest paid on bank overdraft		**(435)**	(710)	**(1,377)**	(2,926)
Other dividends paid		**(1,750)**	—	**(3,866)**	(1,877)
Common shares issued		**439**	554	**4,851**	2,949
Common shares repurchased for cancellation		**—**	(3,683)	**(9,424)**	(3,683)
		36,906	(25,425)	**(21,711)**	(70,129)
INVESTING ACTIVITIES					
Business acquisitions	3	**(16,347)**	(125)	**(31,672)**	(27,514)
Additions to property, plant and equipment and intangible assets		**(3,423)**	(2,881)	**(14,147)**	(11,489)
		(19,770)	(3,006)	**(45,819)**	(39,003)
Effect of exchange rate changes on cash and bank overdraft		**(112)**	(129)	**(159)**	201
Net change in cash		**76,388**	54,103	**28,227**	24,717
Net cash (net of bank overdraft), beginning of period		**(25,525)**	(41,670)	**22,636**	(12,284)
Net cash, end of period		**50,863**	12,433	**50,863**	12,433
Supplementary information					
Income taxes paid		**11,915**	7,467	**27,252**	24,390

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 cabinets, storage and closet, home furnishing and office furniture, doors and windows 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") as issued by the International Accounting Standards Board, 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, 2025, 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, anticipated future actions and other factors considered 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, 2025.

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*, and includes consequential amendments to several other standards. The standard introduces new requirements for presentation within the statements of earnings, including the addition of specified totals and subtotals and the classification of income and expenses into five categories (operating, investing, financing, income taxes and discontinued operations), 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. IFRS 18 will apply retrospectively. The Corporation is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements and the accompanying notes.

3. BUSINESS ACQUISITIONS

2026

Effective December 12, 2025, the Corporation acquired from McKillican American the principal net assets of three specialty hardware and building materials distribution centres located in Portland, OR, Seattle, and Spokane, WA.

Effective May 1, 2026, the Corporation acquired all issued and outstanding shares of Fini U V International Inc., a company specializing in the design and manufacturing of decorative panels operating a centre in Frampton, QC.

Effective June 26, 2026, the Corporation acquired all issued and outstanding shares of Distributions Air-Cube Inc., a distributor of acoustic products located in Montréal, QC.

Effective July 8, 2026, the Corporation acquired all issued and outstanding shares of Winnec Inc., a distributor of specialised hardware operating three distribution centres in Markham, ON, Vaughan, ON and Mississauga, ON.

These acquisitions have generated sales of $16.4 million since their acquisition dates. Had these acquisitions been completed on December 1, 2025, management estimates that the sales included in the consolidated statements of earnings would have been approximately $30.6 million.

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 one 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 one 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 one 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%.

Effective September 2, 2025, the Corporation acquired all of the issued and outstanding shares of Ideal Security Inc., a distributor of specialized hardware located in Montreal, QC.

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 one distribution centre in Winnipeg, MB.

Effective October 29, 2025, the Corporation acquired the principal assets of Klassen Bronze, a distributor of specialized products.

Summary of Acquisitions

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

	2026 $
Accounts receivable	**5,698**
Inventories	**10,716**
Property, plant and equipment and right-of-use assets	**7,673**
Intangible assets	**11,926**
Goodwill	**13,620**
	49,633
Accounts payable and accrued liabilities	**(1,980)**
Long-term debt	**(4,710)**
Deferred tax liabilities	**(2,835)**
Net assets acquired	**40,108**
Consideration	
Cash, net of cash acquired	**(31,672)**
Consideration payable	**(8,436)**
	(40,108)

Goodwill deductible for tax purposes with regard to these acquisitions amounts to $2.0 million.

The consideration payable may be contingent upon the achievement of targets calculated in accordance with the terms of the respective acquisition agreements.

The preliminary purchase price allocation remains subject to adjustments to the fair values assigned to assets acquired, liabilities assumed, identifiable intangible assets and goodwill. The allocation will be finalized once management has obtained all information required to complete the valuation process, which will not exceed the measurement period of 12 months from the acquisition date.

4. LONG-TERM DEBT

On August 31, 2026, the Corporation entered into a US$45.0 million term credit facility agreement. The debt bears interest at a variable rate equal to the one-month Term *Secured Overnight Financing Rate* ("SOFR") plus 1.60%.

The term credit facility is repayable in quarterly principal instalments of US$1.35 million commencing on March 31, 2027. Any outstanding balance becomes due at final maturity on August 31, 2029.

Principal repayments of the term credit facility are due as follows:

	$
Less than 1 year	**3,744**
1-2 years	**7,488**
2-3 years	**51,166**

The agreement includes certain customary financial covenants. The Corporation was in compliance with these covenants as at August 31, 2026, and no event of default existed as at that date.

The composition of long-term debt as at August 31, 2026 is as follows:

	Current portion $	Long-term $
Term credit facility	**3,744**	**58,653**
Consideration payable relating to acquisitions	**8,333**	**4,015**
Long-term debt	**12,077**	**62,668**

As at November 30, 2025, long-term debt consisted solely of consideration payable related to acquisitions, including $7,595 classified as current and $2,269 classified as long-term.

5. 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	$
Outstanding, November 30, 2024	55,218,678	75,145
Issued	131,325	4,380
Repurchased	(438,167)	(623)
Outstanding, November 30, 2025	**54,911,836**	**78,902**
Issued	**170,100**	**5,945**
Repurchased	**(235,999)**	**(356)**
Outstanding, August 31, 2026	**54,845,937**	**84,491**

During the nine-month period ended August 31, 2026, the Corporation issued 170,100 common shares [2025 - 131,325] at a weighted average exercise price of $28.52 per share [2025 - $27.25] pursuant to the exercise of stock options under the stock option plan. In addition, during the nine-month period ended August 31, 2026, the Corporation repurchased for cancellation 235,999 common shares for a consideration of $9,612, which includes $188 of corporation tax associated with the share repurchase, resulting in a premium on the redemption in the amount of $9,068 recognized as a reduction of retained earnings [104,015 common shares in consideration for $3,758 in fiscal 2025, which includes $75 of corporate tax associated with the share repurchase, resulting in a premium on the redemption in the amount of $3,536 recognized as a reduction of retained earnings].

Stock Option Plan

The continuity of stock options outstanding is as follows:

	Number of options	Weighted average exercise price $
Outstanding, November 30, 2024	1,734,525	35.33
Granted	299,000	37.45
Exercised	(131,325)	27.25
Cancelled	(99,375)	40.14
Outstanding, November 30, 2025	**1,802,825**	**36.04**
Granted	**340,500**	**41.67**
Exercised	**(170,100)**	**28.52**
Cancelled	**(42,625)**	**38.98**
Outstanding, August 31, 2026	**1,930,600**	**37.63**

During the nine-month period ended August 31, 2026, the Corporation granted 340,500 stock options [299,000 - 2025] with an average fair value of $10.60 per option [2025 - $10.79] as determined using the Black & Scholes option pricing model using an expected dividend yield of 1.5% [2025 - 1.6%], expected volatility of 25.1% [2025 - 24.7%], a risk-free interest rate of 3.35% [2025 - 3.41%] and an expected life of 6.39 years [2025 - 6.36 years] and 42,625 options were cancelled [2025 - 99,375].

For the three and nine-month periods ended August 31, 2026, the compensation expense related to stock options amounted to $764 and $2,301, respectively [2025 - $654 and $2,095] and is presented under *Operating expenses excluding* amortization.

As at August 31, 2026, the exercise price of stock options outstanding varied between $25.26 and $46.66 [between $22.25 and $46.66 as at November 30, 2025].

Deferred Share Unit Plan (DSU)

The financial liability resulting from the DSU plan of $6,714 [November 30, 2025 - $6,034] is presented under the *Accounts payable and accrued liabilities*. As at August 31, 2026, the fair value of the equity swaps amounted to an asset of $21 [November 30, 2025 - an asset of $130] and is presented under *Accounts receivable*. The compensation expense for the DSUs for the three and nine-month periods ended August 31, 2026 amounted to $532 and $1,476, respectively [2025 - $376 and $1,036] and is recognized under *Operating expenses excluding amortization.*

Share Purchase Plan

Compensation expense related to the share purchase plan amounted to $378 and $1,104 for the three and nine-month periods ended August 31, 2026 [2025 - $362 and $1,059] 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:

	For the three months ended August 31,	
	2026	2025
Weighted average number of shares outstanding - Basic	**54,841,834**	55,274,182
Dilutive effect under stock option plan	**230,340**	286,928
Weighted average number of shares outstanding - Diluted	**55,072,174**	55,561,110

	For the nine months ended August 31,	
	2026	2025
Weighted average number of shares outstanding - Basic	**54,900,275**	55,275,919
Dilutive effect under stock option plan	**280,235**	294,681
Weighted average number of shares outstanding - Diluted	**55,180,510**	55,570,600

For the three and nine-month periods ended August 31, 2026, the computation of diluted net earnings per share did not take into account the weighted average of 1,079,750 stock options [2025 - 1,035,625] as their exercise price is higher than the average stock price during the period, which would have had an anti-dilutive effect.

6. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income, includes the following items and its changes are detailed as follows:

	For the three months ended August 31,		For the nine months ended August 31,	
	2026	2025	**2026**	2025
	$	$	**$**	$
Balance, beginning of the period	**32,774**	31,726	**37,264**	38,303
Exchange differences on translation of foreign operations	**1,764**	(382)	**(2,726)**	(6,959)
Balance, end of the period	**34,538**	31,344	**34,538**	31,344

7. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

Fair Value

The carrying value of long-term debt, including the term credit facility and consideration payable related to acquisitions, is a reasonable approximation of fair value. The fair value of the term credit facility is based on its variable interest rate, which reflects observable market inputs, while the fair value of the consideration payable takes into account its expected settlement terms. The Corporation classified the fair value measurement in Level 2, as it is derived from observable market data. The fair value measurement of the liability attributable to the DSU plan is also classified as Level 2, as it is based on observable market inputs.

Furthermore, the carrying amount of the Corporation's other liabilities is based on data that are not observable in the market. The Corporation has therefore classified this fair value measurement as Level 3. The fair value of the Corporation's other liabilities is assessed based on a predetermined calculation method, based on a multiple of the average earnings before depreciation, amortization, financial charges, and taxes over a specified period, depending on the agreements. Amounts that may become due within the next 12 months are classified as short-term.

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, 2026, is deemed acceptable given the industry in which the Corporation operates.

The Corporation performs ongoing credit evaluations of customers and generally does not require collateral. The allowance for doubtful accounts decreased by $32 and increased by $923 during the three and nine-month periods ended August 31, 2026 [2025 - increased by $249 and $173], respectively, to a total of $7,842 as at August 31, 2026 [November 30, 2025 - $6,919].

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, 2026, an exchange loss of $319 and $290, respectively [2025 - foreign exchange gain of $20 and $1,808].

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 measures, 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 August 31, 2026, a 5% depreciation (appreciation) of the Canadian dollar against the US dollar and the euro, resulting from the translation of monetary assets and liabilities, with all other variables remaining constant, would have increased (decreased) consolidated net earnings by $308 [would have increased (decreased) by $187 as at August 31, 2025] and would have increased (decreased) other comprehensive income by $13,190 [$12,567 as at August 31, 2025]. Foreign exchange rate sensitivity represents the aggregate net foreign currency exposures of the financial instruments held by the Corporation as at August 31, 2026.

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.

All of the Corporation's financial liabilities mature in the short term, except for long-term debt.

The Corporation has an authorized line of credit of C$85 million [November 30, 2025 - C$85 million] as well as a line of credit of US$81 million [November 30, 2025 - US$56 million] bearing interest at the bank's prime rate and daily SOFR plus 1.40% respectively. The Corporation also has a US$45 million term credit facility, as described in Note 4.

Interest Rate Risk

The Corporation is exposed to interest rate risk associated with the use of its credit lines and term credit facility, which bear interest at variable rates.

Operating Expenses Excluding Amortization

	For the three months ended August 31,		For the nine months ended August 31,	
	2026	2025	**2026**	2025
	$	$	**$**	$
Inventories from distribution, importing, and manufacturing activities recognized as an expense	**430,183**	384,174	**1,207,752**	1,126,453
Salaries and related charges	**63,602**	55,743	**179,895**	165,945
Other charges	**2,732**	2,255	**5,133**	6,044
	496,517	442,172	**1,392,780**	1,298,442

For the three and nine-month periods ended August 31, 2026, the amount of inventories recognised as an expense resulting from import, distribution and manufacturing activities includes an inventory obsolescence expense of $1,847 and $5,129 [2025 - $2,615 and $5,742].

8. CAPITAL MANAGEMENT

The Corporation's objectives are to:

- 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, 2026, the Corporation achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 7.5% [1.0% as at November 30, 2025] [long-term debt/equity] ; and
- Return on average shareholders' equity of 9.5% over the last 12 months [9.1% for the year ended November 30, 2025].

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

9. GEOGRAPHIC INFORMATION

During the periods of three and nine months ended August 31, 2026, nearly 53% and 54%, respectively, of sales were generated in Canada [2025 - 54% and 54%]. The Corporation's sales in foreign countries, almost all of which were in the United States, amounted to $261,764 and $716,504 [2025 - $226,845 and $663,335], respectively, in Canadian dollars, and to US$186,717 and US$517,776 [2025 - US$165,326 and US$473,181], respectively.

As at August 31, 2026, property, plant and equipment located in the United States amounted to $20,701 [November 30, 2025 - $23,588]. Intangible assets and goodwill located in the United States amounted to $27,036 and $44,368 [November 30, 2025 - $28,291 and $42,720], respectively, when measured in Canadian dollars, or US$19,498 and US$31,998 [November 30, 2025 - US$20,238 and US$30,560], respectively. Right-of-use assets located in the United States amounted to $106,810 [November 30, 2025 - $111,803].

10. DIVIDENDS PAID TO SHAREHOLDERS OF THE CORPORATION

For the three and nine-month periods ended August 31, 2026, the Corporation paid dividends of $8,588 and $25,780, respectively to holders of common shares [2025 - $8,480 and $25,432], representing a quarterly dividend of $0.1566 per common share [quarterly dividend of $0.1533 per common share in 2025].

11. APPROVAL OF FINANCIAL STATEMENTS

The interim consolidated financial statements for the three and nine-month periods ended August 31, 2026 [including the comparative figures] were approved for issue by the Board of Directors on October 7, 2026.

12. SUBSEQUENT EVENT

Effective September 1, 2026, the Corporation acquired all of the issued and outstanding shares of The Penrod Company, a U.S. distributor specializing in hardware and components for residential and commercial doors, serving the U.S. market from seven distribution centres located in High Point, NC, Coppell, TX, Eden Prairie, MN, San Jose, CA, Glendale, AZ, Denver, CO and Palm River-Clair Mel, FL. This transaction is expected to generate approximately US$70 million in annual sales.

13. COMPARATIVE FIGURES

Some figures disclosed for the three and nine-month periods ended August 31, 2025, have been reclassified to conform to the presentation adopted for the three and nine-month periods ended August 31, 2026.