

# Richards Group Inc. announces unaudited 2025 Results: Revenue growth of 5.5% primarily on acquisitions; new segmented reporting for Healthcare and Packaging

TORONTO, March 6, 2026 /CNW/ - Richards Group Inc. (TSX: RIC) (the "Company") announced today unaudited results for the fourth quarter and the year ended December 31, 2025. The Company's audited annual financial statements for the year ended December 31, 2025 and accompanying Management's Discussion and Analysis will be published to SEDAR+ and the Company's website [www.richardsgroup.com](http://www.richardsgroup.com) when available. All information contained in this news release is unaudited.

For the first time, Management is publishing a podcast discussion of our preliminary results in lieu of an earnings call which can be found on our website.

## FOURTH QUARTER 2025 HIGHLIGHTS:

- Total revenue grew \$6.1M (+5.8%) to \$110.9M driven by acquisitions. Healthcare organic revenue fell \$0.8M (-1.5%) to \$52.0M on non-recurring large capital sales in pharmacy in the prior year, offset by growth in aesthetics and vision care. Packaging organic revenue fell \$8.1M (-16%) from prior year primarily from our US business as continued macroeconomic pressures affect product volumes.
- Adjusted EBITDAaL<sup>1</sup> fell \$0.6M (3.6%) to \$14.8M as rising Healthcare contribution was offset by falling packaging.
- Net debt at \$52.8M on acquisitions, representing leverage of 0.96x.
- Working capital at \$90.1M, driven by high inventory from acquisitions.
- Converted from an Income Trust to a Corporation at cost of \$0.8M.

## FISCAL 2025 HIGHLIGHTS:

- Total revenue grew \$22.4M (+ 5.5%) to \$430.2M driven by acquisitions. Healthcare organic revenue fell \$6.3M (-3.2%) to \$189.0M on non-recurring sales in pharmacy and weak demand in aesthetics offset by growth in vision care. Packaging organic revenue fell \$4.4M (-2.1%) to \$208.1M from prior year primarily from our US food & beverage business as continued macroeconomic pressures affect product volumes.
- Adjusted EBITDAaL fell \$2.1M (-3.7%) to \$54.8M on healthcare rise of \$4.8M (+15.3%) to \$36.1M offset by a packaging decline of \$6.9M (-23.4%) to \$22.6M. Corporate expenses were steady year over year.
- Three acquisitions totaling \$63.3M with contingent consideration of \$5.0M.
- Separately disclosed items of \$7.8M include acquisition costs (\$2.2M), corporate conversion costs (\$0.8M), the defense of a patent dispute in healthcare (\$1.9M), the loss on socially engineered wire fraud (\$1.2M), management termination costs (\$0.3M) and the costs associated with the fair value of inventory sold at DPW (\$1.4M).

## ABOUT RICHARDS GROUP

Richards Group now operates and reports in two core segments, Healthcare and Packaging, positioned to deliver sustainable growth and long-term value. Headquartered in Mississauga, Ontario, Canada, the Group serves an increasingly global customer base with market leading medical devices, supplies, and equipment as well as a diverse offering of glass and plastic packaging solutions. The group differentiates itself on product innovation, high-touch service, and deep expertise.

Founded in 1912, Richards developed into a North American leader in glass and plastic packaging, then began evolving into healthcare through the mid-2010s. Today it enjoys positions as the largest Canadian distributor in aesthetic, pharmacy, and vision care devices and is pursuing new opportunities as an OEM. This diversity of operations allows consistent growth and strong cashflow in variable market conditions.

The Group's value creation strategy is built with a focus on cashflow and debt capacity to fund organic growth, acquisition opportunities, and operations modernization. Disciplined capital deployment, a cultural focus on entrepreneurship, and scalable infrastructure position Richards for long term value delivery.

### 2025 results:

Overall revenue was up 5.5%, driven by 6.7% acquisition growth and dragged by a 5.4% decline in food and beverage packaging and a 1.3% decline in existing healthcare business. These organic declines reflect a market-wide pull back in US rigid packaging demand, non-recurring large healthcare capital revenues from the prior year, and an ongoing softness in the aesthetic injectable and device market that has been a trend since 2024.

Adjusted EBITDAaL<sup>1</sup> decreased \$2.1M, as higher administrative expenses were partially offset by contributions from the acquisitions. Working capital grew by \$24.4M, primarily driven by acquired inventory, inventory purchase commitments and seasonal prepaid trade show expenses in the healthcare OEM business.

Adjusted free cash flow<sup>2</sup> of \$35.0M was mainly used to fund dividend distributions of \$15.1M, debt repayments of \$12.4M and the separately disclosed items of \$7.8M in connection with the acquisition costs, patent legals costs and a socially engineered wire fraud.

### Selected Review of Operations (unaudited)

(\$ thousands)	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4		Calendar Year		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2023
<b>Revenue</b>	<b>100,705</b>	97,877	<b>110,105</b>	107,413	<b>108,492</b>	97,677	<b>110,874</b>	104,815	<b>430,176</b>	407,782	425,927
Cost of sales	<b>60,012</b>	58,946	<b>66,005</b>	65,360	<b>62,361</b>	58,860	<b>61,628</b>	62,789	<b>250,006</b>	245,955	265,236
Gross profit	<b>40,693</b>	38,931	<b>44,100</b>	42,053	<b>46,131</b>	38,817	<b>49,246</b>	42,026	<b>180,170</b>	161,827	160,691
	40.4 %	39.8 %	40.1 %	39.2 %	42.5 %	39.7 %	44.4 %	40.1 %	41.9 %	39.7 %	37.7 %
Selling and distribution expenses	<b>18,320</b>	16,985	<b>19,501</b>	18,319	<b>22,030</b>	17,197	<b>22,240</b>	17,262	<b>82,091</b>	69,763	71,039
Administrative expenses	<b>7,355</b>	6,132	<b>7,271</b>	6,182	<b>7,607</b>	6,183	<b>8,997</b>	6,642	<b>31,230</b>	25,139	22,898
Foreign currency loss	<b>8</b>	259	<b>10</b>	183	<b>19</b>	53	<b>78</b>	258	<b>115</b>	753	96
Lease payments	<b>2,974</b>	2,216	<b>2,703</b>	2,248	<b>3,131</b>	2,284	<b>3,143</b>	2,523	<b>11,951</b>	9,271	8,707
<b>Adjusted EBITDAaL<sup>1</sup></b>	<b>12,036</b>	13,339	<b>14,615</b>	15,121	<b>13,344</b>	13,100	<b>14,788</b>	15,341	<b>54,783</b>	56,901	57,951
	12.0 %	13.6 %	13.3 %	14.1 %	12.3 %	13.4 %	13.3 %	14.6 %	12.7 %	14.0 %	13.6 %

Richards derives its revenue from Canada (60%), United States (33%), and Europe & other regions (7%). On the year, revenue increased by \$22.4M or 5.5%. Acquisitions contributed \$28.9M, offset by a \$5.2M decline in food & beverage packaging and \$6.3M decline in organic healthcare sales. For the fourth quarter, revenue increased by \$6.1M or 5.8%, driven by \$14.9M from acquisitions

offset by a 15.5% contraction in packaging.

Cost of sales decreased \$1.2M for the fourth quarter or 1.8% and increased by \$4.1M for the year or 1.6% from the same periods in the prior year. During the fourth quarter, gross profit margins were up 4.3% from the same period in 2024 primarily due to higher margins in the Healthcare segment driven by acquisitions. For the year, gross profit margins were up 2.2% on higher Healthcare margins.

Selling and distribution expenses increased \$5.0M for the fourth quarter and \$12.3M for the year mainly due to higher costs from acquisitions in the year.

Administrative expenses (before amortization) increased \$2.5M for the fourth quarter and were up \$6.5M for the year over the same periods in 2024, respectively with the increases caused by the acquisitions and addition of corporate staffing.

The foreign currency loss (gain) resulted primarily from exchange rate changes applied to our foreign-denominated working capital position within our Canadian and foreign operations assumed through acquisitions. The strengthening of the Canadian dollar spot rate by 1¢ in the fourth quarter led to the net losses.

Adjusted EBITDAaL<sup>1</sup> decreased \$0.6M for the fourth quarter and \$2.1M for the year over the same periods in 2024, respectively. The decrease during the fourth quarter and for the year reflected the higher administrative costs offset by higher gross profit. As a percent of sales, Adjusted EBITDAaL was down 0.7% for the fourth quarter and 1.3% for the year.

Excluded from Adjusted EBITDAaL are separately disclosed items. For fiscal 2025, these include acquisition costs (\$2.2M), corporate conversion costs (\$0.8M), the defense of a patent dispute in healthcare (\$1.9M), the loss on socially engineered wire fraud (\$1.2M), management termination costs (\$0.3M) and the costs associated with the fair value of inventory sold in acquisitions (\$1.4M).

## Segmented Results Highlights (unaudited)

	2025				2024			
	Pkg.	Health.	Corp. <sup>(i)</sup>	Cons.	Pkg.	Health.	Corp. <sup>(i)</sup>	Cons.
<b>Revenue</b>	208,122	222,054	-	<b>430,176</b>	212,518	195,264	-	407,782
Inventory cost of sales (ii)	128,211	121,795	-	<b>250,006</b>	131,490	114,465	-	245,955
<b>Gross Margin</b>	79,911	100,259	-	<b>180,170</b>	81,028	80,799	-	161,827
Selling and distribution expense (iii)	33,736	48,355	-	<b>82,091</b>	32,112	37,651	-	69,763
Administrative expenses (iv)	12,971	14,390	3,869	<b>31,230</b>	10,750	10,540	3,849	25,139
Foreign currency loss (gain)	77	38		<b>115</b>	(32)	785	-	753
Cash lease payments	10,535	1,416	-	<b>11,951</b>	8,716	555	-	9,271
<b>Adjusted EBITDAaL</b>	22,592	36,060	(3,869)	<b>54,783</b>	29,482	31,268	(3,849)	56,901

(i) Corporate represents the cost of centralized corporate overhead

(ii) Excludes cost of sales on acquisition inventory fair value bumps included in separately disclosed items

(iii) Includes certain employee compensation, credit card fees and lease expenses

(iv) Excludes separately disclosed items

During the year the Company updated its historical view of operations from one operating segment into two reportable segments: Healthcare and Packaging. The reportable segments are business units offering differing products and services and managed separately due to their distinct natures. These two reportable segments have been determined by the Company's chief operating decision maker. All inter-segment transactions are eliminated in the corporate and other category, which include all corporate general and administrative costs not directly associated with a segment.

Richards' healthcare segment posted strong revenue and gross margin performance this year, rising 14% and 25% respectively, driven by acquisitions and mix shifts. In our largest sub-segment,

aesthetics, ongoing weakness in the market for big-ticket energy-based devices and general weakness in the injectable market limited organic growth, though our skin health team focusing on cosmetic and cosmeceutical products and smaller-dollar devices outperformed. Management believes that the aesthetic market weakness that began in 2024 is now moderating, though the rapidly changing macroeconomic environment may affect this trend. In pharmacy, we finally realized the end of downward pressures from the loss of the Parata business during the first half and lapped a large one-off capital sale from the prior year. Despite this downward pressure, we were able to largely replace revenue with a higher margin product mix, driving significant earnings despite finishing the year down on revenue. Vision experienced strong growth as the integration efforts of the 2024 acquisition of Insight Medical Technologies we completed and we took a successful first few steps into the distribution of prescription eye drop medications. Rounding out the healthcare portfolio, our surgical group had a stand-out year placing a number of lasers in major hospitals that bring with them contracts for recurring laser fiber consumables. Operating expenses grew significantly with the addition of acquisitions and associated integration efforts and overall EBITDAaL contribution rose from \$31.3M to \$36.1M

Richards' packaging segment posted an overall decline in revenue and profitability, driven by a drop in US food & beverage category demand and rising expenses. Customer and product profitability vary widely, and Richards managed to increase the blended packaging gross margin from 38.1% to 38.4% by focusing retention efforts on its core small business customers and taking advantage of more robust cosmetic category demand. Operating expenses rose, driven by lease rates and increased selling expenses as new sales and marketing team members were onboarded and trained in an effort to affect growth in future years. EBITDAaL contribution fell from \$29.5M to \$22.6M

## Adjusted Free Cash Flow<sup>2</sup> (unaudited)

(\$ thousands)	Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4		Calendar Year		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2023
<b>Cash provided by</b>											
operating activities	128	14,089	11,155	14,221	10,419	6,919	19,163	15,981	40,865	51,210	83,188
Leases	(2,974)	(2,216)	(2,703)	(2,248)	(3,131)	(2,284)	(3,143)	(1,169)	(11,951)	(7,917)	(8,347)
Separately disclosed items	3,916	--	1,671	184	288	(182)	1,961	1,791	7,836	1,793	(729)
Working capital <sup>5</sup>	7,476	(1,594)	263	(952)	1,814	4,172	(5,939)	(3,624)	3,614	(1,998)	(33,899)
Income tax payments	3,490	3,060	4,229	3,916	3,954	4,475	2,746	2,362	14,419	13,813	17,738
<b>Adjusted EBITDAaL<sup>1</sup></b>	<b>12,036</b>	<b>13,339</b>	<b>14,615</b>	<b>15,121</b>	<b>13,344</b>	<b>13,100</b>	<b>14,788</b>	<b>15,341</b>	<b>54,783</b>	<b>56,901</b>	<b>57,951</b>
Interest <sup>a)</sup>	59	209	426	204	1,013	131	889	101	2,387	645	3,021
Current income tax	2,090	3,315	3,759	4,230	3,214	3,229	4,043	3,982	13,106	14,756	15,023
Maintenance capital	111	433	1,349	244	755	530	2,182	828	4,397	2,035	2,714
<b>Adjusted free cash flow<sup>2</sup></b>	<b>9,776</b>	<b>9,382</b>	<b>9,081</b>	<b>10,443</b>	<b>8,362</b>	<b>9,210</b>	<b>7,674</b>	<b>10,430</b>	<b>34,893</b>	<b>39,465</b>	<b>37,193</b>
<i>Diluted per Share/Unit</i>	<i>\$0.86</i>	<i>\$0.82</i>	<i>\$0.72</i>	<i>\$0.91</i>	<i>\$0.57</i>	<i>\$0.77</i>	<i>\$0.67</i>	<i>\$0.91</i>	<i>\$3.06</i>	<i>\$3.46</i>	<i>\$3.26</i>
<b>Regular distributions</b>	<b>3,768</b>	<b>15,072</b>	<b>15,072</b>	<b>15,072</b>							
<i>Diluted per Share/Unit</i>	<i>33.0¢</i>	<i>.3¢</i>	<i>\$1.32</i>	<i>\$1.32</i>	<i>\$1.32</i>						
<i>Payout ratio<sup>3</sup></i>	<i>39 %</i>	<i>40 %</i>	<i>41 %</i>	<i>36 %</i>	<i>45 %</i>	<i>41 %</i>	<i>49 %</i>	<i>36 %</i>	<i>43 %</i>	<i>38 %</i>	<i>41 %</i>
<b>Surplus</b>	<b>6,008</b>	<b>5,614</b>	<b>5,313</b>	<b>6,675</b>	<b>4,594</b>	<b>5,442</b>	<b>3,906</b>	<b>6,662</b>	<b>19,821</b>	<b>24,393</b>	<b>22,121</b>
<b>Special distribution</b>	--	4,110								4,110	4,339
<i>Diluted per Share/Unit</i>		<i>36.0¢</i>							<i>.0¢</i>	<i>36.0¢</i>	<i>38.0¢</i>
<i>Total Payout ratio<sup>3</sup></i>	<i>39 %</i>	<i>84 %</i>							<i>43 %</i>	<i>49 %</i>	<i>52 %</i>
<b>Shares/Units outstanding (average)</b>											
<i>Diluted basis 000's</i>	<b>11,418</b>										

a) financial expenses less interest on leases and bank refinancing fees

Adjusted free cash flow<sup>2</sup> for the fourth quarter decreased \$2.8M in comparison to the same period in 2024 due to lower Adjusted EBITDAaL<sup>1</sup> of \$0.6M, \$1.4M higher maintenance capital and \$0.8M in additional interest. For the year, adjusted free cash flow decreased \$4.6M primarily on lower Adjusted EBITDAaL<sup>1</sup> of \$2.1M, \$2.4M higher maintenance capital and \$1.7M in additional interest offset by \$1.6M in lower taxes.

The monthly dividend of 11¢ per share represents an annual yield of 4.3% on a \$30.88 price per Share at December 31, 2025 and a payout ratio<sup>3</sup> of 43% (2024 38%). Shareholder dividends will be 100% eligible dividends for tax purposes.

## Liquidity and Financing (unaudited)

The Company's leverage ratio is as follows:

For the years ended December 31	2025	2024
Current debt	\$ 11,879	\$ -
Long-term debt	46,818	-
Total debt	58,697	-
Cash and cash equivalents	(5,929)	(6,187)
Net debt	\$ 52,768	\$ (6,187)
Adjusted EBITDAaL <sup>(1)</sup>	\$ 54,783	\$ 56,901
Net debt to Adjusted EBITDAaL <sup>(1)</sup>	0.96	-

## Cash flows from operating activities

Cash flows from operating activities increased for the fourth quarter by \$2.8M and decreased for the year by \$10.7M over the same period in 2024. In the fourth quarter, the \$1.9M higher cash flow from change in working capital<sup>5</sup> along with \$1.3M of profit from operations net of items not involving cash were partially offset by \$0.3M in higher tax payments. For the year, the \$10.7M decrease in cash flow from operating activities was due to a \$6.0M lower change in working capital, \$4.1M decrease in profit from operations net of items not involving cash and \$0.6M in higher taxes.

## Working Capital

For the years ended December 31	2025	2024
Accounts receivable	\$ 49,627	\$ 53,154
Inventory	100,630	78,194
Prepaid expenses and deposits	10,122	5,178
Accounts payable and accruals	(70,282)	(70,829)
	<b>90,097</b>	<b>65,697</b>

Richards has demonstrated an ability to consistently manage-down working capital needs over time, offset only by the extraordinary situation created by COVID-19 and the recent rise driven by acquisitions in 2025. Management is confident that a similar relative reduction (absolute values may rise with organic growth) can be achieved in the recently acquired businesses in the coming years.

## Financing activities and instruments

On January 1, 2026, the credit facilities were amended to create one \$115.0M revolving credit facility at a cost of \$0.3M and is available for working capital and future acquisitions. These financing costs were included as an offset to the revolving debt balance outstanding at December 31, 2025. The credit facilities are subject to a number of covenants including the leverage ratio which was to maintain debt less than 2.75 times the trailing twelve months Adjusted EBITDAaL<sup>1</sup>. As at December 31, 2025, our leverage ratio was 0.94x (2024 nil). Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future<sup>4</sup>.

## Cautionary Statement

Additional information relating to the Company is available on Richards Group's website at <http://www.richardsgroup.com>, SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or TSX at [www.tmx.com](http://www.tmx.com).

1. Management defines Adjusted EBITDAaL as net income before financial expenses, income tax expense, depreciation and amortization and lease payments, excluding contingent consideration, separately disclosed items, unrealized losses on foreign currency translation of debt, mark to market and distributions on exchangeable shares, share of income - Vision.

*Our lenders use this measure as a starting point in the determination of earnings available for dividends to Shareholders. In addition, Adjusted EBITDAaL and Adjusted EBITDAaL as a percentage of sales are intended to provide additional information on the operating performance. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. Adjusted EBITDAaL does not have a standardized meaning prescribed by IFRS and therefore the method of calculating Adjusted EBITDAaL may not be comparable to similar measures presented by other companies.*

- 2. Management defines adjusted free cash flow, in accordance with the Company's credit agreement, as Adjusted EBITDAaL<sup>1</sup> less interest excluding leases, cash income tax expense and maintenance capital expenditures. The objective of presenting this measure is to calculate the amount which is available for dividends to Shareholders and to determine the amount available to fund increases in working capital or expansion capital. Investors are cautioned that adjusted free cash flow should not be construed as an alternative to cash flow from operating, investing and financing activities as a measure of the liquidity and cash flows. Adjusted free cash flow does not have a standardized meaning prescribed by IFRS and therefore the method of calculating adjusted free cash flow may not be comparable to similar measures presented by other companies.*
- 3. Management defines payout ratio as dividends declared over adjusted free cash flow<sup>2</sup>. The objective of presenting this measure is to calculate the percentage of distributions compared to the amount available for dividend distribution under our credit agreement. Payout ratio does not have a standardized meaning prescribed by IFRS. The method of calculating the payout ratio may not be comparable to similar measures presented by other companies.*
- 4. The Report to Shareholders and this MD&A contains forward-looking information within the meaning of applicable securities laws. The forward-looking information reflects management's current beliefs and expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Company. We use words such as "may", "expect", "believe", "estimate" and similar terminology to identify forward-looking information. It is based on assumptions, estimates and analysis made by us in light of our experience and our perception of trends, current conditions and expected developments, as well as other factors we believe to be reasonable and relevant in the circumstances. Forward-looking information involves significant, known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those predicted, expressed or implied by the forward-looking information. The risks and uncertainties include, among other things, changes in tariff rates, changes in customer and supplier relationships, competition in the industry, trade risks in respect of foreign suppliers, fluctuations in foreign exchange and interest rates, liability claims, changes to applicable tax laws, as well as other risks and uncertainties, as more fully described herein under "Risks and Uncertainties" and in other reports and filings made by us with securities regulatory authorities and available at [www.sedarplus.ca](http://www.sedarplus.ca). While management believes that the expectations expressed and the assumptions underlying the same are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information, readers should carefully consider the foregoing factors and various other factors which could cause actual results or events to differ materially from those indicated in the forward-looking information.*
- 5. Management defines working capital to be current assets (less cash) less current liabilities (less income tax payable, due to previous shareholders and exchangeable shares). The objective of utilizing this definition is to improve the understanding of activities within the cash flow statement.*

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