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DOMAN™

Press Release

For Immediate Release

DOMAN BUILDING MATERIALS GROUP LTD. ANNOUNCES ACQUISITION OF CM TUCKER LUMBER ASSETS

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- CM Tucker Lumber is a leading family-owned lumber and treated wood supplier and a large producer of specialty value added products ranging from lumber, to fencing, to deck components, to plywood, operating in the Eastern United States with three large lumber treating plants, specialty sawmilling and a captive trucking fleet.

- Highly strategic acquisition that complements Doman's existing Central and West Coast operations in the United States, with immediate scale in ten new states, including South Carolina, North Carolina, Florida, Georgia, Virginia, West Virginia, Delaware, Maryland, New York and Pennsylvania.

- The Transaction is expected to be immediately accretive to EBITDA[1], Free Cash Flow[2] and Earnings Per Share.

VANCOUVER, British Columbia, October 1, 2024 -- Doman Building Materials Group Ltd. ("Doman" or the "Company") (TSX:DBM) is pleased to announce that it has acquired South Carolina-based CM Tucker Lumber Companies, LLC ("Tucker Lumber"). The Company acquired the assets of Tucker Lumber for a base purchase price of approximately US$255 million in cash (the "Transaction")[3]. Tucker Lumber is being acquired on a cash-free and debt-free basis, and the Transaction is being funded from the Company's existing cash on hand and revolving credit facilities.

Founded in 1920, Tucker Lumber is headquartered in Pageland, South Carolina, employing 425 personnel across three locations. The Pageland facility is vertically integrated, comprising a specialty sawmill, dry kilns, treating plants, remanufacturing operations and distribution facilities. Treating plants located in Henderson, North Carolina and Rock Hill, South Carolina provide added capacity and capabilities to quickly service Eastern U.S. markets. Tucker Lumber offers a comprehensive variety of products, including treated lumber and plywood, decking, deck posts, balusters, spindles, handrails, step stringers, step treads, fence panels, fence pickets, round fence posts and split rail fencing.

Tucker Lumber's operations are highly complementary to the Company's existing U.S. Central and West Coast operations without overlap. The Transaction will facilitate the Company's growth and geographic coverage, will be immediately accretive and will expand the Company's product suite to include new offerings.

"We are very excited with the addition of Tucker Lumber to the Doman Group of companies. The Transaction is a great complement to our existing U.S. operations while further advancing our growth strategy, developing a leadership position and expanding our footprint into ten previously unserved States," said Amar Doman, Chairman and CEO. "We continue our disciplined approach in tracking and executing on accretive growth opportunities, further strengthening our financial performance, and enhancing shareholder value based on a fundamentally sound and sustainable growth plan. With this Transaction, our US footprint now extends from coast-to-coast plus Hawaii, and we proudly operate 37 treating plants across our system. We look forward to working with David, Paul, Mark and Andrew Tucker along with the entire Tucker Lumber team in this significant new development for our organization. Additionally, I'd like to acknowledge and thank our banking partners, Wells Fargo, CIBC, RBC and TD for their important role in this transaction. Their long-standing support continues to be an integral component of our growth and success."

Transaction Highlights

- Diversified and Complementary Operations. The Transaction facilitates the Company's ongoing United States expansion by entering the important Eastern U.S. region - a large, robust and active market. Previously unserved states include South Carolina, North Carolina, Florida, Georgia, Virginia, West Virginia, Delaware, Maryland, New York and Pennsylvania. The Company immediately obtains a significant market position in this region with a diversified and loyal customer base from its current U.S. locations.

- Continued Wood Treatment Expansion. Tucker Lumber adds approximately 800 million board feet of treating capacity and builds on Doman's position as one of the largest pressure-treated lumber producers in North America with over three billion board feet of approximate annual capacity.

- Financially Attractive. The acquisition of Tucker is expected to increase the Company's sales in the United States by approximately 40%, and the purchase price is consistent with the Company's traditional targeted EBITDA multiples range for acquisitions. The Transaction is expected to be immediately accretive to the Company's annual earnings and free cash flow per share and is expected to lead to further expansion of EBITDA margins.

- Skilled Operational Leadership Team. Tucker Lumber is an exceptionally-run, family-owned business that has a strong legacy in its key markets and strong relationships with its customer and suppliers. Tucker Lumber has a committed and strong management team. Key management is inclusive of highly experienced, key Tucker family operators who will remain in place, further adding to the Company's bench strength.

- Synergy Potential. The Company expects to realize scale-based synergies from this well-run business. Opportunities for additional operational and margin synergies are expected to be realized over time, including purchasing benefits on pressure-treated inputs, shared best practises and utilization of the Company's established purchasing, sales and distribution channels and access to the Company's infrastructure and resources.

The Transaction was completed on October 1, 2024, and is not subject to any further regulatory or shareholder approvals or consents.

Advisors and Counsel

The Company was advised by a team including Dorsey & Whitney LLP, Goodmans LLP and Bernard LLP.

About Doman Building Materials Group Ltd.

Founded in 1989, Doman is headquartered in Vancouver, British Columbia, and trades on the Toronto Stock Exchange under the symbol DBM.

As Canada's only fully integrated national distributor in the building materials and related products sector, Doman operates several distinct divisions with multiple treating plants, planing and specialty facilities and distribution centres coast-to-coast in all major cities across Canada and coast-to-coast across the United States.

Strategically located across Canada, **Doman Building Materials Canada** operates distribution centres coast-to-coast, and **Doman Treated Wood Canada** operates multiple treating plants near major cities. In the United States; headquartered in Dallas, Texas, **Doman Lumber** operates 21 treating plants, two specialty planing mills and five specialty sawmills located in nine states, distributing, producing and treating lumber, fencing and building material servicing the central U.S.; **Doman Tucker Lumber** operates three treating plants, specialty sawmilling operations and a captive trucking fleet serving the U.S. east coast; **Doman Building Materials USA** and **Doman Treated Wood USA** serve the U.S. west coast with multiple locations in California and Oregon; and in the state of Hawaii the **Honsador Building Products Group** services 15 locations across all the islands. The Company's Canadian operations also include ownership and management of private timberlands and forest licenses, and agricultural post-peeling and pressure treating through its **Doman Timber** operations.

For additional information on Doman Building Materials Group Ltd., please refer to the Company's filings on SEDAR+ and the Company's website www.domanbm.com

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Certain statements in this press release may constitute "forward-looking" statements. When used in this press release, forward-looking statements often but not always, can be identified by the use of forward-looking words such as, including but not limited to, "may", "will", "intend", "should", "expect", "believe", "outlook", "predict", "remain", "anticipate", "estimate", "potential", "continue", "plan", "could", "might", "project", "targeting" or the inverse or negative of these terms or other similar terminology. Forward-looking information includes, without limitation, statements regarding the anticipated financial and operational benefits of the Transaction as well as potential synergies between the Company and Tucker Lumber. These statements are based on management's current expectations regarding future events and operating performance, and on information currently available to management, speak only as of the date hereof and are subject to risks including those described in the Company's current Annual Information Form dated March 28, 2024 ("AIF") and the Company's public filings on the Canadian Securities Administrators' website at www.sedarplus.com ("SEDAR") and as updated from time to time, and would include, but are not limited to, dependence on market economic conditions, risks related to the impact of geopolitical conflicts, local, national, and international health concerns, including but not limited to COVID-19 or other viruses, epidemics or pandemics, sales and margin risk, acquisition and integration risks and operational risks related thereto, competition, information system risks, technology risks, cybersecurity risks, availability of supply of products, interest rate risks, inflation risks, risks associated with the introduction of new product lines, product design risk, product liability risk, modern slavery and supply chain risks, environmental risks, climate change risks, volatility of commodity prices, inventory risks, customer and vendor risks, contract performance risk, availability of credit, credit risks, performance bond risk, currency risks, insurance risks, tax risks, risks of legislative or regulatory changes, international trade and tariff risks, operational and safety risks, resource industry risks, resource extraction risks, risks relating to remote operations, forestry management and silviculture, fire and natural disaster risks, key executive risk and litigation risks. These risks and uncertainties may cause actual results to differ materially from those contained in the statements. Such statements reflect management's current views and are based on certain assumptions. Some of the key assumptions include, but are not limited to, assumptions regarding the performance of the Canadian and the United States ("US") economies, the impact of COVID-19, other viruses, epidemics, pandemics or health risks, interest rates, exchange rates, inflation, capital and loan availability, commodity pricing, the Canadian and the US housing and building materials markets; international trade matters; post-acquisition operation of a business; the amount of the Company's cash flow from operations; tax laws; laws and regulations relating to the protection of the environment, including the impacts of climate change, and natural resources; and the extent of the Company's future acquisitions and capital spending requirements or planning in respect thereto, including but not limited to the performance of any such business and its operation; availability or more limited availability of access to equity and debt capital markets to fund, at acceptable costs, the Company's future growth plans, the implementation and success of the integration of acquisitions, the ability of the Company to refinance its debts as they mature; the direct and indirect effect of the US housing market and economy; exchange rate fluctuations between the Canadian and US dollar; retention of key personnel; the Company's ability to sustain its level of sales and earnings margins; the Company's ability to grow its business long-term and to manage its growth; the Company's management information systems upon which it is dependent are not impaired, ransomed or unavailable; the Company's insurance is sufficient to cover losses that may occur as a result of its operations as well as the general level of economic activity, in Canada and the US, and abroad, discretionary spending and unemployment levels; the effect of general economic conditions; market demand for the Company's products, and prices for such products; the effect of forestry, land use, environmental and other governmental regulations; and the risk of losses from fires, floods and other natural disasters and unemployment levels. They are, by necessity, only estimates of future developments and actual developments may differ materially from these statements due to a number of known and unknown factors. Investors are cautioned not to place undue reliance on these forward-looking statements.

In addition, there are numerous risks associated with an investment in the Company's common shares and senior unsecured notes, some which are also further described in in the periodic and other reports filed by Doman with Canadian securities commissions and available on SEDAR including in the "Risk Factors" section of Doman's AIF.

Neither Doman nor any of its associates or directors, officers, partners, affiliates, or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in these communications will actually occur. Except as required by applicable securities laws and legal or regulatory obligations, Doman is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

[1] In the discussion, reference is made to EBITDA, which represents earnings from continuing operations before interest, including amortization of deferred financing costs, provision for income taxes, depreciation, and amortization. This is not a generally accepted earnings measure under IFRS and does not have a standardized meaning under IFRS, and therefore the measure as calculated by Doman may not be comparable to similarly titled measures reported by other companies. EBITDA is presented as we believe it is a useful indicator of a company's ability to meet debt service and capital expenditure requirements and because we interpret trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net earnings or cash flows as determined in accordance with IFRS. For a reconciliation of EBITDA to the most directly comparable measures calculated in accordance with IFRS refer to "Reconciliation of Net Earnings to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) and Adjusted EBITDA" in our Q2 2024 Management Discussion and Analysis.

[2] In the discussion, reference is made to Free Cash Flow of the Company. This is a non-IFRS measure generally used by Canadian companies as an indicator of financial performance. The measure as calculated by the Company might not be comparable to similarly-titled measures reported by other companies. Management believes that this measure provides investors with an indication of the cash available for distribution to shareholders of the Company. We define free cash flow as cash flow from operating activities excluding changes in non-cash working capital, and after interest on outstanding debt instruments, maintenance of business capital expenditures and funds received from other assets.

[3] The base purchase price is exclusive of inventory, which value is subject to post-closing determination and payment in the ordinary course of business in accordance with the terms of the Transaction agreement. Additional earn-out consideration may be payable related to each of the years 2025 to 2029, contingent upon achieving certain earnings performance targets, which payments are not individually material.