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Press Release

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CANWEL BUILDING MATERIALS FIRST QUARTER 2021 FINANCIAL RESULTS

Q1 2021 Financial Highlights⁽¹⁾:

- Revenues increased by 59.1% to \$519.9 million
- Gross Margin at 17.4%
- Adjusted EBITDA⁽³⁾ increased to \$60.1 million
- Net Earnings⁽⁴⁾ increased to \$34.2 million
- Quarterly dividend of \$0.12 per share, as well as a \$0.04 per share special dividend paid⁽⁵⁾

VANCOUVER, CANADA – May 7, 2021 – Further to its announcement of April 19, 2021, CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX; CWX.NT.A) announced today its first quarter 2021 financial results⁽¹⁾ for the period ended March 31, 2021.

For the three-month period ended March 31, 2021⁽¹⁾, consolidated revenues increased by 59.1% to \$519.9 million, compared to \$326.7 million in 2020. The increase in sales is attributable to improvements in both sales volumes and pricing. Quarantine-related home improvement activities and strong housing starts resulted in increased demand from consumers spending more time and efforts on home renovation and repair projects, and increased new home construction activity. Additionally, construction materials pricing generally continued to increase during the first quarter of 2021. Company sales by product group in the quarter were made up of 72% construction materials, compared to 62% in 2020, with the remaining balance resulting from specialty and allied products of 23%, and forestry and other of 5%.

Gross margin dollars more than doubled, to \$90.4 million, compared to \$43.5 million in 2020. Gross margin percentage amounted to 17.4% of revenues versus 13.3% in 2020. The increase in gross margin dollars and margin percentage is primarily due to the continued improvements in construction materials pricing during the quarter.

EBITDA⁽²⁾ and Adjusted EBITDA⁽³⁾ for the first quarter amounted to a record \$60.1 million, compared to \$16.5 million in 2020.

CanWel declared a \$0.12 per share⁽⁵⁾ quarterly dividend, as well as a \$0.04 per share special dividend⁽⁵⁾ during the first quarter. Both amounts were paid on April 15, 2021, to shareholders of record at the close of business on March 31, 2021.

On a year-over-year basis, as at March 31, 2021, through continued disciplined balance sheet optimization, and working capital management strategies, CanWel reduced its total loans and borrowings by \$2.8 million, to \$384.3 million, despite the comparative strength in pricing for construction materials.

"We continue to see strong demand and robust pricing across our business platform," commented Amar S. Doman, Chairman of the Board. "With this unprecedented level of activity in our end-markets, we continue to maximize our cost and operational efficiencies to drive strong margins and value for our shareholders. We maintain this focus as an essential service, while managing the impacts of the ongoing global pandemic, and strive to maintain the safety of our employees across Canada and the US. We would like to thank our employees for their dedicated efforts in supporting the Company as we execute on delivering on our customers' needs. Additionally, subsequent to the quarter-end, with strong support from the equity and debt capital markets, we were able to take steps to further strengthen our balance sheet. This affords CanWel the strength and flexibility to respond quickly to business and market dynamics, as well as strategic opportunities in North America in both building products distribution and pressure treating."

Reconciliation of Net Earnings to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) and Adjusted EBITDA:

(in thousands of dollars)	Three months ended March 31,	
	2021	2020
	\$	\$
Net earnings	34,157	850
Provision for income taxes	11,951	330
Finance costs	3,579	5,042
Depreciation and amortization	10,335	10,296
Share-based compensation	34	-
EBITDA and Adjusted EBITDA	60,056	16,518

Subsequent Events:

On April 21, 2021, the Company announced a \$75 million bought deal equity offering at a price of \$10 per common share, for aggregate gross proceeds of \$75 million. The underwriters also have the option, exercisable in whole or in part at any time on or up to 30 days after the closing of the offering, to purchase up to an additional 1,125,000 common shares. In the event that the option is exercised in its entirety, the aggregate gross proceeds of the offering will be \$86.25 million. The net proceeds of the equity offering will be used to repay indebtedness under its credit facilities and for working capital and general corporate purposes. The offering is expected to close on or about May 11, 2021.

On April 29, 2021, CanWel entered into an underwriting agreement with a syndicate of underwriters led by Stifel GMP and including National Bank Financial Inc. and RBC Capital Markets to sell \$325 million aggregate principal amount of 5.25% Senior Unsecured Notes due 2026 (the "2026 Notes"). CanWel intends to use the net proceeds to repay indebtedness under its credit facilities. The Company will have the ability to redraw on its credit facilities in the future to fund potential acquisitions and for other corporate purposes.

About CanWel

Founded in 1989, CanWel is headquartered in Vancouver, British Columbia and trades on the Toronto Stock Exchange under the symbol CWX and is Canada's only fully integrated national distributor in the building materials and related products sector. CanWel operates: multiple treating plant and planing facilities in Canada and the United States; distribution centres coast-to coast in all major cities and strategic locations across Canada; in the United States near Portland, Oregon, San Francisco and Los Angeles, California and in 14 locations in the State of Hawaii through its wholly owned Honsador Building Products Group. CanWel distributes a wide range of building materials, lumber, renovation and electrical products. In addition, through its CanWel Fibre division, CanWel operates a vertically integrated forest products company based in Western Canada, operating from British Columbia to Saskatchewan, also servicing the US Pacific Northwest. CanWel owns

approximately 117,000 acres of private timberlands, strategic licenses and tenures, log harvesting and trucking operations, several post and pole peeling facilities and two pressure-treated specialty wood production plants and a specialty saw mill.

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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", "would", "should", "expect", "believe", "plan", "intend", "anticipate", "predict", "remain", "estimate", "potential", "forecast", "budget", "schedule", "continue", "could", "might", "project", "targeting", "future" and other similar terminology or the negative or inverse of such words or terminology. Forward-looking information in this news release includes, without limitation, statements with respect to: the ultimate impact (express or implied) of the novel coronavirus COVID-19 ("COVID-19") pandemic on the Company's operational and financial results, including but not limited to the first quarter and full-year 2021 results; which impact is difficult to estimate or quantify as it will depend on inter alia the duration of the contagion, the impact of government policies, and the pace of economic recovery. These forward-looking statements reflect the current expectations of CanWel's management regarding future events and operating performance, but involve other known and unknown or unpredictable risks, uncertainties and other factors which may cause the actual results, performance or achievements of CanWel, including but not limited to, sales, earnings, cash flow from operations, EBITDA(2) generated, dividends generated or paid by CanWel, including whether at the rate as of the date hereof or the future rate discussed in the Company's press release dated June 15, 2020, or some other dividend rate in the future which may be lower than either of the preceding rates discussed therein, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Actual events could differ materially from those projected herein and depend on a number of factors. These factors include but are not limited to those set out in CanWel's annual information form dated March 12, 2021 and other public filings. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. In addition, a number of material factors or assumptions were utilized or applied in making the forward-looking statements, and may include, but are not limited to, assumptions regarding the performance of the Canadian and U.S. economies, the relative stability of or level of interest rates, exchange rates, volatility of commodity prices, availability or more limited availability of access to equity and debt capital markets to fund, at acceptable costs, CanWel's future growth plans, the implementation and success of the integration of CanWel's acquisitions, the ability of CanWel to refinance its debts as they mature, the Canadian and United States housing and building materials markets; the direct and indirect effect of the U.S. housing market and economy; exchange rate fluctuations between the Canadian and US dollar; retention of key personnel; CanWel's ability to sustain its level of sales and earnings margins; CanWel's ability to grow its business long term and to manage its growth; CanWel's management information systems upon which it is dependent are not impaired or compromised by breaches of CanWel's cybersecurity; CanWel's insurance is sufficient to cover losses that may occur as a result of its operations; international trade and tariff risks, political risks, the amount of CanWel's cash flow from operations; tax laws; and the extent of CanWel's future acquisitions and capital spending requirements or planning as well as the general level of economic activity, in Canada and the U.S., and abroad, discretionary spending and unemployment levels; the effect of general economic conditions, including market demand for CanWel'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. There is a risk that some or all of these assumptions may prove to be incorrect. These and other factors could cause or contribute to actual results differing materially from those contemplated by forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements or information. These forward-looking statements speak only as of the date of this press release. We caution that the foregoing factors that may affect future results are not exhaustive. When relying on our forward-looking statements to make decisions with respect to CanWel, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Neither CanWel 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. You are cautioned not to place undue reliance on these forward-looking statements. Except as required by applicable securities laws and legal or regulatory obligations, CanWel 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) Please refer to our Q1 2021 MD&A and Financial Statements for further information. Our Q1 2021 Financial Statements filings are reported under International Financial Reporting Standards ("IFRS").
- (2) 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 CanWel 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".
- (3) In the discussion, reference is made to Adjusted EBITDA, which is EBITDA as defined above, before certain non-recurring or unusual items. This is not a generally accepted earnings measure under IFRS and does not have a standardized meaning under IFRS. The measure as calculated by CanWel may not be comparable to similarly-titled measures reported by other companies. Adjusted EBITDA is presented as we believe it is a useful indicator of CanWel's ability to meet debt service and capital expenditure requirements from its regular business, before non-recurring items. Adjusted 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 from Adjusted 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".
- (4) Not including non-recurring items and before accounting for "Other Comprehensive Income"; please refer to our Annual and Q1 2021 Financial Statements for further information.
- (5) The Company adjusted its quarterly common share dividend from \$0.14 to \$0.12 per share, effective for the dividend paid on October 15, 2020, to shareholders of record on September 30, 2020. Please refer to the press release dated June 15, 2020 for further information. On March 15, 2021 CanWel declared both a quarterly dividend of \$0.12 per share and a special dividend of \$0.04 per share, which was paid on April 15, 2021 to shareholders of record on March 31, 2021. Please refer to our Q1 2021 MD&A and Financial Statements for more information.