



Press Release

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DOMAN BUILDING MATERIALS GROUP LTD. ANNOUNCES RECORD SECOND QUARTER 2021 FINANCIAL RESULTS

Q2 2021 Financial Highlights⁽¹⁾:

- Revenues increased 83.3% to \$756.8 million
- Gross Margin at 17.3%
- Adjusted EBITDA⁽³⁾ amounted to \$94.0 million
- Net Earnings amounted to \$53.1 million
- Quarterly dividend of \$0.12 per share paid on July 15, 2021⁽⁴⁾

VANCOUVER, CANADA – August 16, 2021 – Doman Building Materials Group Ltd. (“Doman” or “the Company”) (TSX:DBM; DBM.NT.A) announced today its second quarter 2021 financial results⁽¹⁾ for the period ended June 30, 2021.

For the three-month period ended June 30, 2021⁽¹⁾, consolidated revenues increased by 83.3% to \$756.8 million when compared to \$412.9 million in the same period in 2020. The increase in revenues was partially comprised of the results from acquisitions, with the balance of the increase attributable to the Company’s legacy operations, demonstrating continued resilience and strong overall end-market demand. The increase in sales in the Company’s legacy operations is a result of improvements in pricing. Construction materials pricing generally continued to increase during the second quarter of 2021, before beginning to decline in May 2021 and continuing to decline through the second quarter. The Company’s sales by product group in the quarter were made up of 76% construction materials, compared to 67% last year, with the remaining balance resulting from specialty and allied products of 21%, and other of 3%.

Gross margin dollars more than doubled to \$131.2 million, compared to \$58.9 million during the corresponding period in 2020. Gross margin percentage also increased to 17.3% of revenues versus 14.3% during the same period in 2020. The increase in margin dollars and margin percentage is mainly attributable to the improvements in construction materials pricing throughout the majority of the second quarter of 2021, as well as ongoing implementation of the Company’s strategies.

EBITDA⁽²⁾ and Adjusted EBITDA⁽³⁾ for the period increased to a quarterly record at \$90.5 million and \$94.0 million, respectively, compared to \$32.8 million during the second quarter of 2020. Net earnings for the quarter ended June 30, 2021 increased to \$53.1 million, compared to net earnings of \$12.7 million in the same quarter of 2020.

Subsequent to quarter-end, on July 15, 2021, the Company paid a \$0.12 per share dividend to its shareholders of record on June 30, 2021⁽⁴⁾.

Q2 2021 Business Highlights:

- May 10, 2021, the Company completed a private placement offering of \$325 million aggregate principal amount of 5.25% senior unsecured notes due May 15, 2026.
- May 11, 2021, the Company completed a bought deal equity offering at a price of \$10.00 per common share, for aggregate gross proceeds of \$86.2 million.
- May 27, 2021, the Company announced its corporate name change to Doman Building Materials Group Ltd. with the ticker symbol "DBM" to commence trading effective May 31, 2021, on the Toronto Stock Exchange.
- June 4, 2021, the Company completed the acquisition of Hixson Lumber Sales, resulting in significant expansion in Doman's operational footprint, distribution network and reach in the Central U.S., by adding 19 lumber treating plants, five specialty sawmills and a captive trucking fleet.
- June 4, 2021, the Company amended its existing senior credit facility with Wells Fargo Capital Finance, increasing the revolving credit limit from \$360 million to \$500 million.
- June 22, 2021, the Company completed the acquisition of Fontana Wholesale and Lumber and Wood Preserving, adding fire retardant treating along with an almost doubling of overall capacity in Doman's operations in Southern California.

For the six-month period ended June 30, 2021⁽¹⁾, the Company generated EBITDA and Adjusted EBITDA of \$150.5 million and \$154.1 million, respectively, on revenues of \$1.3 billion. Gross margin and gross margin percentage during the period amounted to \$221.6 million, and 17.4%, respectively. This compares to 2020 EBITDA and Adjusted EBITDA of \$49.3 million, on revenues of \$739.7 million. Gross margin and gross margin percentage during the 2020 period amounted to \$102.4 million and 13.8%. Net earnings for the six-month period ended June 30, 2021 were \$87.2 million versus \$13.6 million in the comparative period of 2020.

"The combination of strong sales growth across all our product categories with lumber pricing at peak levels, resulted in all of our key financial metrics coming in at new record levels, which combined with our focus and execution on strategic growth opportunities, resulted in yet another transformational period for the business," commented Amar S. Doman, Chairman of the Board. "Shortly after the onset of COVID19, construction material pricing experienced sharp increases that were largely driven by changes in consumer behaviour. Although these increases manifested over several quarters, as a result of recent changes in demand, primarily resulting from the easing of pandemic related restrictions, there has been a rapid decrease in construction material pricing at the end the second quarter, carrying over into the third quarter, which is expected to impact our results."

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

(in thousands of dollars)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net earnings	53,088	12,708	87,245	13,557
Provision for income taxes	18,862	4,791	30,813	5,121
Finance costs	6,480	4,248	10,059	9,290
Depreciation and amortization	11,940	11,033	22,275	21,330
Share-based compensation	80	35	114	35
EBITDA	90,450	32,815	150,506	49,333
Acquisition costs	3,590	-	3,590	-
Adjusted EBITDA	94,040	32,815	154,096	49,333

About Doman Building Materials Group Ltd.

Doman is headquartered in Vancouver, British Columbia and trades on the Toronto Stock Exchange under the symbol DBM and is a leading North American distributor of building materials and is Canada's only fully integrated national distributor in the building materials and related products sector. Doman operates several distinct divisions: CanWel Building Materials with multiple treating plant, planing facilities and distribution centres coast-to-coast in all major cities and strategic locations across Canada; founded in 1959, Hixson Lumber Company in the central United States, with 19 treating plants, two specialty planing mills and five specialty sawmills located in eight states, headquartered in Dallas, Texas, distributing, producing and treating lumber, fencing and building materials; California Cascade in the western United States near Portland, Oregon, San Francisco and Los Angeles, California with treating facilities and distribution of building materials, lumber and renovation products; founded in 1935, the Honsador Building Products Group in 14 locations in the State of Hawaii, with treating facilities, truss plants and distribution of a wide range of building materials, lumber, renovation and electrical products. In addition, through its CanWel Fibre division, the Company operates a vertically integrated forest products company based in Western Canada, operating from British Columbia to Saskatchewan, also servicing the US Pacific Northwest. CanWel Fibre 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 sawmill. Please see our filings on SEDAR under Doman Building Materials Group Ltd. (formerly, CanWel Building Materials Group Ltd.) for additional information.

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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: a) fluctuations in commodity and construction materials pricing; b) the performance of recently acquired businesses; and c) the novel coronavirus COVID-19 ("COVID-19") pandemic, on the Company's operational and financial results and on consumer behaviour and economic activity, including but not limited to the second 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 Doman'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 Doman, including but not limited, to sales, earnings, cash flow from operations, EBITDA⁽²⁾ generated, dividends generated or paid by Doman, including whether at the rate as of the date hereof or the future rate discussed in the Company's press release dated June 15, 2021, 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 the Company'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, Doman's future growth plans, the implementation and success of the integration of Doman's acquisitions, the ability of Doman 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; Doman's ability to sustain its level of sales and earnings margins; Doman's ability to grow its business long term and to manage its growth; Doman's management information systems upon which it is dependent are not impaired or compromised by breaches of Doman's cybersecurity; Doman'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 Doman's cash flow from operations; tax laws; and the extent of Doman'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 Doman'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 Doman, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. 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. 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, 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) Please refer to our Q2 2021 MD&A and Financial Statements for further information. Our Q2 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 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".
 - (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 Doman 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 Doman'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 Q2 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 June 15, 2021, Doman declared a quarterly dividend of \$0.12 per share, which was paid on July 15, 2021 to shareholders of record on June 30, 2021. Please refer to our Q2 2021 MD&A and our Q2 2021 Financial Statements for more information.
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