

DOMAN™

First Quarter Report 2026

DOMAN™

Doman Building Materials Group Ltd.

**Unaudited Interim Condensed
Consolidated Financial Statements**

March 31, 2026

(in thousands of Canadian dollars)

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of Canadian dollars)	Notes	As at March 31, 2026 \$	As at December 31, 2025 \$
Assets			
Current assets			
Cash and cash equivalents		2,352	4,932
Trade and other receivables	5	366,465	203,210
Income taxes receivable		5,233	3,299
Inventories	6	468,089	424,299
Prepaid expenses and deposits		16,541	17,376
		858,680	653,116
Non-current assets			
Property, plant and equipment	7	233,770	225,900
Right-of-use assets	8	165,921	169,889
Deferred income tax assets		31,359	27,826
Intangible assets	9	248,018	253,286
Goodwill	10	514,858	507,890
		1,193,926	1,184,791
Total assets		2,052,606	1,837,907
Liabilities			
Current liabilities			
Bank indebtedness		2,077	3,124
Trade and other payables		164,819	150,819
Dividends payable	13	12,287	12,270
Income taxes payable		4,710	3,262
Current portion of non-current liabilities	8, 11	34,093	33,379
		217,986	202,854
Non-current liabilities			
Loans and borrowings	11	989,607	814,078
Lease liabilities	8	153,801	157,235
Contingent consideration		14,611	21,360
Deferred income tax liabilities		7,135	5,634
Retirement benefit obligations	12	2,738	2,774
		1,167,892	1,001,081
Total liabilities		1,385,878	1,203,935
Equity			
Common shares	13	590,112	589,115
Contributed surplus		10,880	10,855
Foreign currency translation		65,956	45,928
Deficit		(220)	(11,926)
		666,728	633,972
Total liabilities and equity		2,052,606	1,837,907
Commitments and contingencies	8, 22		

Interim Condensed Consolidated Statements of Earnings and Comprehensive Earnings (Unaudited)

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of Canadian dollars, except per share and share amounts)	Notes	Three months ended March 31,	
		2026	2025
		\$	\$
Revenue	18, 19	761,969	793,248
Cost of sales		632,508	660,726
Gross margin from operations		129,461	132,522
Expenses			
Distribution, selling and administration		61,362	62,490
Depreciation and amortization	7, 8, 9	24,193	24,502
		85,555	86,992
Operating earnings		43,906	45,530
Finance costs	14	16,649	19,372
Earnings before income taxes		27,257	26,158
Provision for (recovery of) income taxes			
Current income tax		5,493	6,199
Deferred income tax		(2,160)	(3,599)
		3,333	2,600
Net earnings		23,924	23,558
Other comprehensive (loss) income			
Exchange differences on translation of foreign operations ⁽¹⁾		20,028	(2,483)
Actuarial gain from pension and other benefit plans ⁽²⁾		69	37
		20,097	(2,446)
Comprehensive earnings		44,021	21,112
Net earnings per share			
Basic and diluted		0.27	0.27
Weighted average number of shares			
Basic and diluted		87,741,210	87,371,414

1. Item that may be reclassified to earnings in subsequent periods.

2. Item that will not be reclassified to earnings.

Interim Condensed Consolidated Statements of Changes in Equity (Unaudited)

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of Canadian dollars, except share amounts)	Common shares		Contributed	Foreign	Deficit	Total
	#	\$	surplus	currency	\$	\$
		\$	\$	\$	\$	\$
As at December 31, 2025	87,639,744	589,115	10,855	45,928	(11,926)	633,972
Shares issued pursuant to (Note 13):						
Employee Common Share Purchase Plan	123,404	997	-	-	-	997
Share-based compensation charged to operations		-	25	-	-	25
Dividends		-	-	-	(12,287)	(12,287)
Net earnings		-	-	-	23,924	23,924
Other comprehensive income		-	-	20,028	69	20,097
As at March 31, 2026	87,763,148	590,112	10,880	65,956	(220)	666,728
As at December 31, 2024	87,289,766	586,547	11,083	101,563	(43,523)	655,670
Shares issued pursuant to (Note 13):						
Employee Common Share Purchase Plan	109,676	808	-	-	-	808
Dividends		-	-	-	(12,236)	(12,236)
Net earnings		-	-	-	23,558	23,558
Other comprehensive (loss) income		-	-	(2,483)	37	(2,446)
As at March 31, 2025	87,399,442	587,355	11,083	99,080	(32,164)	665,354

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of Canadian dollars)	Notes	Three months ended March 31,	
		2026	2025
		\$	\$
Operating activities			
Net earnings for the period		23,924	23,558
Items not affecting cash:			
Depreciation and amortization	7, 8, 9	24,193	24,502
Finance costs	14	16,649	19,372
Provision for income taxes		3,333	2,600
Other		(781)	(1,574)
Income taxes paid		(5,967)	(4,455)
Interest paid on loans and borrowings		(23,938)	(19,531)
Cash flows from operating activities before changes in non-cash working capital		37,413	44,472
Changes in non-cash working capital	17	(174,801)	(170,561)
Net cash flows used in operating activities		(137,388)	(126,089)
Financing activities			
Shares issued, net of transaction costs	13	997	808
Dividends paid	13	(12,270)	(12,221)
Payments of lease liabilities, including interest	8	(8,795)	(7,945)
Net advances on revolving loan facility		173,912	140,779
Payment of contingent consideration		(7,630)	–
Other		(127)	(416)
Net cash flows provided by financing activities		146,087	121,005
Investing activities			
Purchase of property, plant and equipment	7	(16,235)	(3,520)
Proceeds from disposition		5,658	14,485
Net cash flows (used in) provided by investing activities		(10,577)	10,965
Net (decrease) increase in cash and cash equivalents		(1,878)	5,881
Foreign exchange difference		345	386
Cash and cash equivalents (net of bank indebtedness)			
– beginning of period		1,808	9,380
Cash and cash equivalents (net of bank indebtedness)			
– end of period		275	15,647

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025**

(in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

Doman Building Materials Group Ltd. (the "Company") was incorporated in 2009 under the Business Corporations Act (British Columbia). On May 11, 2010, the Company was continued under the laws of Canada pursuant to section 187 of the Canada Business Corporations Act. The Company has limited liability, with its shares publicly listed on the Toronto Stock Exchange ("TSX"). The Company's head office is located at Suite 1600 – 1100 Melville Street, Vancouver, British Columbia. The Company's operations commenced in 1989.

The Company operates through its wholly owned subsidiaries, producing and treating lumber and providing other value-add services, as well as distributing various building materials across Canada and in the United States ("US").

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance

These unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, on a basis consistent with the accounting policies disclosed in the Company's audited Annual Consolidated Financial Statements for the year ended December 31, 2025.

These unaudited Interim Condensed Consolidated Financial Statements were authorized for issuance on May 8, 2026, by the Board of Directors of the Company.

b) Basis of presentation

These unaudited Interim Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries. The notes presented in these unaudited Interim Condensed Consolidated Financial Statements include in general only significant changes and transactions occurring since the Company's last year-end and are not fully inclusive of all disclosures required by IFRS Accounting Standards ("IFRS") for annual financial statements. These unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited Annual Consolidated Financial Statements, including the notes thereto, for the year ended December 31, 2025.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

c) Functional and presentation currency

These unaudited Interim Condensed Consolidated Financial Statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except common share volumes and per share amounts.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies as disclosed in the Company's audited Annual Consolidated Financial Statements for the year ended December 31, 2025, have been consistently applied to all periods in the preparation of these unaudited Interim Condensed Consolidated Financial Statements.

4. BUSINESS ACQUISITIONS

Temecula Acquisition

On August 28, 2025, the Company completed the acquisition of certain assets of Temecula Electrical Supply Inc. (through the Company's wholly owned subsidiary, and now doing business as "Temecula Electrical Supply") (the "Temecula Acquisition") in Temecula, California. The Temecula Acquisition is an expansion of the Company's existing electric supply and distribution business, Alpha Electric Supply.

The majority of the purchase price was allocated to inventory and goodwill.

5. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise primarily from sales of lumber and building materials to customers. These are summarized as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Trade receivables	351,991	190,472
Allowance for doubtful accounts	(1,163)	(798)
Net trade receivables	350,828	189,674
Other receivables	15,637	13,536
Total trade and other receivables	366,465	203,210

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025
(in thousands of Canadian dollars)

The aging analysis of trade and other receivables was as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Neither past due nor impaired	347,174	184,117
Past due but not impaired:		
Less than 1 month	14,578	13,302
1 to 3 months	3,634	4,496
3 to 6 months	1,079	1,295
Total trade and other receivables	366,465	203,210

The Company holds no collateral for any receivable amounts outstanding as at March 31, 2026.

Activity in the Company's provision for doubtful accounts was as follows:

	\$
Balance at December 31, 2025	798
Accruals during the period	350
Foreign exchange difference	15
Balance at March 31, 2026	1,163

6. INVENTORIES

	March 31, 2026	December 31, 2025
	\$	\$
Inventories held for resale	356,715	325,731
Inventories held for processing	111,374	98,568
	468,089	424,299

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025
(in thousands of Canadian dollars)

7. PROPERTY, PLANT, AND EQUIPMENT

	Land \$	Buildings, leasehold improvements and roads \$	Machinery, automotive and other equipment \$	Computer equipment and systems development \$	Total \$
Cost					
Cost at December 31, 2025	17,188	102,921	257,727	10,731	388,567
Additions	–	7,587	8,404	244	16,235
Disposals	–	–	(6,752)	–	(6,752)
Foreign exchange difference	216	1,601	3,729	60	5,606
Cost at March 31, 2026	17,404	112,109	263,108	11,035	403,656
Accumulated depreciation					
Accumulated depreciation at December 31, 2025	–	17,944	137,090	7,633	162,667
Depreciation	–	1,213	5,215	274	6,702
Disposals	–	–	(1,458)	–	(1,458)
Foreign exchange difference	–	188	1,752	35	1,975
Accumulated depreciation at March 31, 2026	–	19,345	142,599	7,942	169,886
Net book value at December 31, 2025	17,188	84,977	120,637	3,098	225,900
Net book value at March 31, 2026	17,404	92,764	120,509	3,093	233,770

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025
(in thousands of Canadian dollars)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company enters into various leases for the operation of its business, including distribution facilities, treatment plant facilities, computer equipment, light vehicles, forklifts and other equipment as required to operate efficiently.

Right-of-use assets

	Facilities ⁽¹⁾ \$	Machinery, automotive and other equipment ⁽²⁾ \$	Computer equipment \$	Total \$
Balance at December 31, 2025	148,549	19,384	1,956	169,889
Additions	–	4,468	31	4,499
Modifications and remeasurements	548	199	–	747
Amortization	(6,202)	(1,697)	(172)	(8,071)
Disposals	(2,584)	(4)	(3)	(2,591)
Foreign exchange movements	1,304	195	(51)	1,448
Balance at March 31, 2026	141,615	22,545	1,761	165,921

Lease liabilities

	Facilities ⁽¹⁾ \$	Machinery, automotive and other equipment ⁽²⁾ \$	Computer equipment \$	Total \$
Balance at December 31, 2025	161,629	19,888	2,030	183,547
Additions	–	4,468	31	4,499
Modifications and remeasurements	548	199	–	747
Disposals	(2,716)	(4)	–	(2,720)
Finance costs	1,389	351	21	1,761
Lease payments	(6,698)	(1,903)	(194)	(8,795)
Foreign exchange movements	1,462	181	25	1,668
Balance at March 31, 2026	155,614	23,180	1,913	180,707
Less: current portion	(20,264)	(5,975)	(667)	(26,906)
	135,350	17,205	1,246	153,801

1. Includes agreements related to distribution, wood treatment, manufacturing and office facility leases.

2. Includes forklifts, light vehicles and other heavy equipment leases.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the three months ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

Contractual commitments

Future undiscounted payments due under the terms of the Company's contractual agreements, including these leases, are as follows (including certain leases with related parties, as disclosed in Note 15):

Years ending December 31	\$
Remainder 2026	32,531
2027	42,640
2028	40,152
2029	33,857
2030	17,467
Thereafter	58,400
	225,047

9. INTANGIBLE ASSETS

	US operations \$	Value-added services \$	Total \$
Cost			
Cost at December 31, 2025	396,201	9,989	406,190
Foreign exchange difference	6,735	-	6,735
Cost at March 31, 2026	402,936	9,989	412,925
Accumulated amortization			
Accumulated amortization at December 31, 2025	142,915	9,989	152,904
Amortization	9,420	-	9,420
Foreign exchange difference	2,583	-	2,583
Accumulated amortization at March 31, 2026	154,918	9,989	164,907
Net intangible assets at December 31, 2025	253,286	-	253,286
Net intangible assets at March 31, 2026	248,018	-	248,018

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025
(in thousands of Canadian dollars)

10. GOODWILL

	Canadian operations \$	US operations \$	Value-added services \$	Total \$
Balance at December 31, 2025	62,624	409,919	35,347	507,890
Foreign exchange difference	–	6,968	–	6,968
Balance at March 31, 2026	62,624	416,887	35,347	514,858

11. LOANS AND BORROWINGS

	March 31, 2026				December 31, 2025			
	Face value \$	Carrying amount \$	Current portion \$	Non- current portion \$	Face value \$	Carrying amount \$	Current portion \$	Non- current portion \$
2029 Unsecured notes ⁽¹⁾	535,000	530,734	–	530,734	535,000	530,464	–	530,464
Revolving loan facility ⁽²⁾	459,618	458,532	–	458,532	284,431	283,217	–	283,217
Other	558	558	217	341	611	611	214	397
	995,176	989,824	217	989,607	820,042	814,292	214	814,078

1. Non-publicly listed, with a maturity date of September 17, 2029, and interest rate at 7.50%, payable semi-annually ("2029 Unsecured Notes").
2. Maximum credit available is \$580,000. Amount advanced under the facility at any time is limited to a defined percentage of inventories and trade receivables, less certain reserves. The facility is secured by a first charge over the Company's assets and an assignment of trade receivables and requires that certain covenants be met by the Company. This facility matures on April 30, 2028.

The terms and conditions of the revolving loan facility are consistent with those disclosed in Note 16 to the 2025 audited Annual Consolidated Financial Statements.

During the three months ended March 31, 2026, certain drawings under the revolving loan facility were designated as a hedge against the Company's investment in its US operations and an unrealized foreign exchange loss of \$1,375 was recognized in Foreign currency translation in Other comprehensive income.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025**

(in thousands of Canadian dollars)

Issuance of senior unsecured notes

On December 2, 2025, the Company completed an additional private placement offering under the terms of the existing 2029 Unsecured Notes. These additional notes were issued at a price of \$1,016 per \$1,000 principal, resulting in gross proceeds of \$172,763. The offering was underwritten by Stifel, CIBC Capital Markets and TD Securities as joint active bookrunners, and National Bank Capital Markets, Raymond James, RBC Capital Markets, Wells Fargo Securities, and Canaccord Genuity, with Desjardins Capital Markets acting as joint bookrunners.

Net cash proceeds raised on December 2, 2025, from the 2029 Unsecured Notes, together with additional funds drawn under the Company's revolving loan facility, were used to repurchase for cancellation the \$272,163 balance of the Company's unsecured notes, having a maturity date of May 15, 2026.

Amendment of revolving loan facility

On January 31, 2025, the Company amended its existing revolving loan facility, increasing the maximum available credit from \$500,000 to \$580,000. All other material terms remained substantially unchanged.

The Company was not in breach of any of its covenants during the period ended March 31, 2026, and had the right to defer settlement for more than twelve months from the period end date. Accordingly, the revolving loan facility was classified as non-current as at March 31, 2026.

As part of the Company's cash management strategy, and notwithstanding contractual maturity, the Company continues to have the right and may, at its discretion, repay portions of its revolving loan facility earlier than the maturity date.

12. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Total net benefit expense of the Company's pension and post-retirement benefit plans for the three months ended March 31, 2026, was \$552 (2025 – \$538). These expenses have been included in distribution, selling and administration costs and finance costs in the unaudited Interim Condensed Consolidated Statement of Earnings.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

The table below reflects liabilities related to employee future benefit plans:

	March 31, 2026	December 31, 2025
	\$	\$
Pension benefit plan	710	731
Other benefit plans	2,028	2,043
	2,738	2,774

Further information about these plans is disclosed in Note 17 to the 2025 audited Annual Consolidated Financial Statements.

13. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of common and preferred shares with no par value.

Restricted Equity Common Share Plan ("RECSP")

As at March 31, 2026, there were no outstanding Restricted Share Units ("RSUs") pursuant to the RECSP (December 31, 2025 – nil). Compensation expense in respect of RSUs for the three months ended March 31, 2026, was \$25 (2025 - nil).

Employee Common Share Purchase Plan ("ECSP")

For the three months ended March 31, 2026, the Company issued 123,404 (2025 – 109,676) common shares from treasury for gross proceeds of \$997 (2025 – \$808), pursuant to the ECSP.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

Dividends

The following quarterly dividends of \$0.14 per share were declared and paid by the Company:

	2026			2025		
	Declared		Payment date	Declared		Payment date
	Record date	Amount \$		Record date	Amount \$	
Quarter 1	Mar 31, 2026	<u>12,287</u>	Apr 15, 2026	Mar 31, 2025	<u>12,236</u>	Apr 15, 2025
Quarter 2				Jun 30, 2025	12,249	Jul 15, 2025
Quarter 3				Sep 29, 2025	12,268	Oct 15, 2025
Quarter 4				Dec 31, 2025	<u>12,270</u>	Jan 15, 2026
					<u>49,023</u>	

The Board of the Company is routinely assessing its dividend policy in the context of overall profitability, cash flows, capital requirements, general economic conditions and other business needs.

14. FINANCE COSTS

Finance costs include the following:

	Three months ended March 31,	
	2026	2025
	\$	\$
Loans and borrowings	14,811	17,637
Lease liabilities	1,761	1,428
Interest income and other	(666)	(606)
Net cash interest	15,906	18,459
Amortization of debt issuance costs	709	879
Interest on net defined benefit liability	34	34
	<u>16,649</u>	<u>19,372</u>

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025
(in thousands of Canadian dollars)

15. RELATED PARTY TRANSACTIONS

Transactions

The Company has transactions with related parties in the normal course of operations at amounts as agreed between the related parties as follows:

	Three months ended March 31,	
	2026	2025
	\$	\$
Leased distribution ⁽¹⁾ and treatment facilities ⁽²⁾	1,423	1,304
Purchase of product ⁽³⁾	580	739
Service fees and other ⁽⁴⁾	201	225
Professional fees and other ⁽⁵⁾	204	154

1. Paid to a company controlled by a member of key management personnel who is a director and officer of the Company, or a close family member of that person's family.
2. Paid to a company solely controlled by a director and officer of the Company.
3. Paid to a public company that a member of key management personnel who is a director and officer of the Company has an ownership interest in.
4. Paid to companies controlled by a member of key management personnel who is also a director and officer of the Company.
5. Paid to a company controlled by an officer of the Company.

Commitments with related parties

Future undiscounted minimum payments under the terms of the leases with companies, in which a member of key management personnel who is also an officer or director and officer of the Company has an interest in, are as follows:

Years ending December 31	\$
Remainder of 2026	4,282
2027	5,833
2028	5,988
2029	5,769
2030	3,098
Thereafter	7,690
	32,660

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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Payable to related parties

Trade and other payables include amounts due to related parties as follows:

	March 31, 2026	December 31, 2025
	\$	\$
Purchase of product ⁽¹⁾	165	80
Service fees and other ⁽²⁾	86	69
Professional fees and other ⁽³⁾	447	397

- Owing to a public company that a member of key management personnel who is a director and officer of the Company has an ownership interest in.
- Owing to companies controlled by a member of key management personnel who is also a director and officer of the Company.
- Owing to a company controlled by an officer of the Company.

16. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

The carrying amounts of non-derivative financial instruments approximate fair value, with the exception of the following:

	March 31, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
2029 Unsecured Notes ⁽¹⁾	530,734	545,700	530,464	543,694
Revolving loan facility	458,533	459,618	283,217	284,431

- Non-publicly listed, with a maturity date of September 17, 2029, and interest rate at 7.5%.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025**

(in thousands of Canadian dollars)

The following methods and assumptions were used to determine the estimated fair value of each class of financial instrument:

- The fair values of cash and cash equivalents, trade and other receivables, bank indebtedness, trade and other payables and dividends payable were comparable to their carrying amounts, given the short maturity periods.
- The fair value of the Company's 2029 Unsecured Notes was based on a price quoted by an independent investment brokerage.
- The fair value of the Company's revolving loan facility approximates its carrying value as it bears interest at a variable rate based on current market rates. The fair value has been estimated as the carrying value excluding unamortized financing costs.
- The fair values of the Company's lease liabilities and other loans approximate their carrying values as they bear interest that approximates current market rates.

IFRS 13, *Fair Value Measurement* requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset and liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

All of the Company's financial instruments are categorized as Level 2 fair values, with the exception of contingent consideration, which was categorized as Level 3.

Contingent consideration was assumed as part of a historic business combination, and was subsequently measured at fair value. Valuation technique used was based on discounted cash flows, which considers the present value of expected future payments, discounted using a risk-adjusted discount rate. The change in the fair value of the contingent consideration liability during the three months ended March 31, 2026, was nominal.

The expenses resulting from financial assets and liabilities recorded in net earnings are as disclosed in Note 14.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

The following table shows, as at March 31, 2026, the Company's contractual obligations with respect to its non-derivative financial instruments, including estimated interest, within the periods indicated:

	<i>Face value</i>	Total contractual obligation⁽¹⁾	Remainder of 2026	2027-2028	2029-2030	Thereafter
	\$	\$	\$	\$	\$	\$
Unsecured notes ⁽²⁾	535,000	675,438	20,063	80,250	575,125	–
Revolving loan facility ⁽³⁾	459,618	548,386	13,601	534,785	–	–
Leases and other contractual commitments (Note 8)		225,047	32,531	82,792	51,324	58,400
Accounts payable and other		192,708	164,413	14,355	13,940	–
Total contractual obligations		1,641,579	230,608	712,182	640,389	58,400

1. Includes future interest obligations.

2. Non-publicly listed notes with maturity date of September 17, 2029, and interest rate at 7.5%.

3. Interest has been calculated based on the average borrowing under the facility for the three months ended March 31, 2026, utilizing the interest rate payable under the terms of the facility at March 31, 2026. This facility matures on April 30, 2028.

Derivative financial instruments

From time to time, the Company uses derivative financial instruments for economic hedging purposes in managing lumber price risk and foreign exchange risk through the use of futures contracts and options. Derivative instruments are measured at fair value through profit and loss with changes in fair value recorded in net earnings.

The Company held no outstanding foreign exchange contracts as at March 31, 2026, and December 31, 2025. Additionally, the Company held a nominal amount of lumber futures contracts.

When held by the Company, these derivative financial instruments are traded through well-established financial services firms with a long history of providing trading, exchange and clearing services for commodities and currencies. As trading activities are closely monitored and restricted by senior management, including limits for a maximum number of outstanding contracts at any point in time, the risk of a material credit loss on these financial instruments is considered low.

Hedge of investment in foreign operations

Certain drawings under the revolving loan facility were designated as a hedge against the Company's investment in its US operations. During the three months ended March 31, 2026, the Company recorded an unrealized foreign exchange loss of \$1,375 (2025 – loss of \$491), arising on revaluation of hedged foreign currency debt in Foreign currency translation in Other comprehensive income during the period.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the three months ended March 31, 2026 and 2025

(in thousands of Canadian dollars)

Financial risk management

The Company's activities result in exposure to a variety of financial risks from its financial assets and financial liabilities, including risks related to credit, interest rates, currency, liquidity and wood product prices.

Financial assets include trade and other receivables, which are measured at amortized cost. Financial liabilities include bank indebtedness, trade and other payables, dividends payable, unsecured notes, revolving loan facility and lease liabilities. All financial liabilities are measured at amortized cost.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management, which seeks to minimize any potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises primarily from the Company's trade and other receivables. The Company grants credit to its customers in the normal course of operations. To limit its exposure to credit risk, the Company performs ongoing evaluations of the credit quality of its customers and follows diligent credit granting and collection procedures. Purchase limits are established for each customer and are reviewed regularly.

The Company regularly reviews the collectability of its trade accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of any potentially uncollectible accounts.

As at March 31, 2026, trade accounts receivable, excluding other receivables, were as follows:

	\$
Current	349,726
Past due over 60 days	2,265
Trade receivables	351,991
Less: Allowance for doubtful accounts	(1,163)
	350,828

As at March 31, 2026, the maximum exposure to credit risk, including both trade and other receivables, was \$366,465 (December 31, 2025 – \$203,210), which represents the carrying value amount of financial instruments classified as trade and other receivables.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025**

(in thousands of Canadian dollars)

Interest rate risk

The majority of the Company's borrowings are currently issued at fixed rates, specifically, the 2029 Unsecured Notes (Note 11). Therefore, the Company is exposed to fair value interest rate risk on these borrowings, as interest rate decreases make the Company susceptible to opportunity costs.

Additionally, the Company is exposed to interest rate risk through its variable rate revolving loan facility (Note 11). Based on the Company's average variable rate borrowings during the three months ended March 31, 2026, the sensitivity of a 1% increase in interest rates would result in an approximate decrease of \$682 in quarterly net earnings.

The Company did not hold any interest rate swaps during three-month periods ended March 31, 2026 and 2025. However, the negative risk of rising interest rates was mitigated by financing a significant portion of the Company's borrowings through the unsecured notes at fixed rates.

Currency risk

Currency risk is the risk that changes in market prices of foreign exchange rates will affect the Company's earnings or the value of its holdings of financial instruments. The Company is exposed to currency risk on the US dollar components of its revolving loan facility, as well as revenues and purchase transactions that are denominated in US dollars.

As at March 31, 2026, the Company had US dollar drawings under its revolving loan facility of US\$59,347 (December 31, 2025 – US\$54,575), which have been designated as a hedge against the Company's net investment in its foreign operations.

As at March 31, 2026, an increase of \$0.01 in the Canadian dollar versus the US dollar would have an insignificant impact on quarterly net earnings, and an increase in Other comprehensive earnings of approximately \$8,600.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or at a reasonable cost. The Company manages liquidity risk by having appropriate credit facilities available at all times. In addition, the Company continuously monitors and reviews both actual and forecasted cash flows. The Company is exposed to refinancing risks as there can be no assurance that the Company will be able to secure credit on the same terms or amount when the facility expires.

Other price risk

Other price risk is defined as the potential adverse impact on net earnings and economic value due to price movement and volatilities. The Company is exposed to other price risk with respect to certain construction materials. The Company closely monitors construction materials prices.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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17. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital had the following impact on cash flows:

	Three months ended March 31,	
	2026	2025
	\$	\$
Trade and other receivables	(160,824)	(161,568)
Inventories	(38,849)	(48,008)
Prepaid expenses and deposits	1,017	2,818
Trade and other payables	23,855	36,197
	(174,801)	(170,561)

18. REVENUE

The following table presents disaggregated revenues for the Company in categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	Three months ended			Three months ended		
	March 31, 2026			March 31, 2025⁽¹⁾		
	Building	Other	Total	Building	Other	Total
	Materials			Materials		
	\$	\$	\$	\$	\$	\$
Geographic markets						
Canada	221,100	-	221,100	228,697	3,739	232,436
US	540,869	-	540,869	560,812	-	560,812
	761,969	-	761,969	789,509	3,739	793,248
Revenue categories						
Products	760,198	-	760,190	787,883	3,739	791,622
Services	1,771	-	1,779	1,626	-	1,626
	761,969	-	761,969	789,509	3,739	793,248

1. Restated to conform to the financial statement presentation adopted during the year ended December 31, 2025.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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(in thousands of Canadian dollars)

Certain customers elect to prepay for goods and services, for which the Company has recorded a contract liability of \$7,859 as at March 31, 2026 (December 31, 2025 – \$7,740), related to these future performance obligations (unearned revenues). These amounts are included in trade and other payables in the unaudited Interim Condensed Consolidated Statement of Financial Position.

During the three months ended March 31, 2026, one customer individually accounted for revenue in excess of 10%, purchasing an aggregate of \$270,500 (2025 – \$284,514, representing one customer).

19. SEGMENTED INFORMATION

The Company operates as a wholesale distributor of building materials and home renovation products, including value-added services such as lumber pressure treating.

Based on products offered, production processes involved, and how financial information is produced internally for the purposes of making operating decisions, the Company operates as one reportable segment, with the remaining smaller operations categorized as Other.

During the comparative year ended December 31, 2025, the Company revised its internal reporting structure for management purposes following the sale of the Company's timberlands disclosed in Note 13 to the 2025 audited Annual Consolidated Financial Statements.

The remaining activities previously reported within the Other segment, are no longer reviewed separately by the chief operating decision maker, and have been integrated into the Building Materials segment as value-added services. As a result, comparative information for the three months ended March 31, 2025 has been restated to reflect current year presentation.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025
(in thousands of Canadian dollars)

Business segment revenues and specified expenses were as follows:

	Three months ended March 31, 2026			Three months ended March 31, 2025 ⁽¹⁾		
	Building Materials	Other	Total	Building Materials	Other	Total
	\$	\$	\$	\$	\$	\$
Revenue	761,969	–	761,969	789,509	3,739	793,248
Specified expenses						
Depreciation and amortization	24,193	–	24,193	24,024	478	24,502
Finance costs	16,649	–	16,649	19,372	–	19,372
Net earnings	23,924	–	23,924	20,944	2,614	23,558
Purchase of property, plant and equipment	16,235	–	16,235	3,498	22	3,520

1. Restated to conform to the financial statement presentation adopted during the year ended December 31, 2025.

Business segment long-term assets were as follows:

	March 31, 2026		December 31, 2025	
	Building Materials	Percent	Building Materials	Percent
	\$	%	\$	%
Canada	221,164	19	219,527	19
US	972,762	81	965,264	81
Long-term assets	1,193,926	100	1,184,791	100

The percentage of total revenue from external customers from product groups was as follows:

	Three months ended March 31,	
	2026	2025
	%	%
Construction materials	83	81
Specialty and allied	14	15
Other	3	4
	100	100

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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(in thousands of Canadian dollars)

20. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide dividends to shareholders and benefits for other stakeholders. The Company includes debt and equity, comprising shareholders' capital, contributed surplus, deficit (including cumulative dividends on shares), and foreign currency translation on foreign operations, in the definition of capital.

The Company seeks to maintain a balance between the higher returns that might be possible with the leverage afforded by higher borrowing levels and the security afforded by a sound capital structure. It does this by maintaining appropriate debt levels in relation to its working capital and other assets in order to provide the maximum dividends to shareholders commensurate with the level of risk. Also, the Company utilizes its debt capabilities to buy back shares, where appropriate, in order to maximize cash distribution rates for remaining shareholders.

The Company manages the capital structure and adjusts it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, repurchase shares in the market, issue new shares, or sell assets to reduce debt.

The Company's policy over the long-term, is to dividend all available cash from operations to shareholders after reducing debt and providing for cash required for maintenance of capital expenditures and other reserves considered advisable by the Company's directors. The Company has eliminated the impact of seasonal fluctuations by equalizing quarterly dividends.

There are no externally imposed capital requirements and the Company's loan agreements do not contain any capital maintenance covenants.

There were no changes to the Company's approach to capital management during the current period.

21. SEASONALITY

The Company's revenues are subject to seasonal variances that fluctuate in accordance with the normal home building season, depending on the geographical location, which creates a timing difference between quarterly free cash flow earned and the Company's policy of equalizing quarterly dividends paid.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2026 and 2025**

(in thousands of Canadian dollars)

22. CONTINGENCIES

Product liability and other claims

During the normal course of business, certain product liability and other claims have been brought against the Company and, where applicable, its suppliers. While there is inherent difficulty in predicting the outcome of such matters, management has vigorously contested the validity of these claims, where applicable, and, based on current knowledge, believes that they are without merit and does not expect that the outcome of any of these matters, in consideration of insurance coverage maintained, or the nature of the claims, individually or in the aggregate, would have a material adverse effect on the consolidated financial position, results of operations or future earnings of the Company.

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