DOMAN™

Doman Building Materials Group Ltd.

Unaudited Interim Condensed Consolidated Financial Statements

March 31, 2025
(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, 2025 $	As at December 31, 2024 $
Assets			
Current assets			
Cash and cash equivalents	5	**18,332**	13,504
Trade and other receivables	6	**359,861**	201,973
Income taxes receivable		**1,596**	2,562
Inventories	7	**510,899**	466,290
Prepaid expenses and deposits		**16,344**	19,174
		907,032	703,503
Non-current assets			
Property, plant and equipment	8	**255,985**	264,577
Right-of-use assets	9	**151,860**	151,272
Timber	10	**37,476**	45,199
Deferred income tax assets		**14,658**	11,331
Intangible assets	11	**299,713**	310,796
Goodwill	12	**526,598**	526,985
Other assets		**2,513**	2,310
		1,288,803	1,312,470
Total assets		**2,195,835**	2,015,973
Liabilities			
Current liabilities			
Bank indebtedness		**2,685**	4,124
Trade and other payables		**182,983**	155,273
Dividends payable	15	**12,236**	12,221
Income taxes payable		**3,835**	3,055
Current portion of non-current liabilities	4, 9, 13	**31,190**	31,646
		232,929	206,319
Non-current liabilities			
Loans and borrowings	13	**1,116,919**	975,050
Lease liabilities	9	**140,452**	138,904
Contingent consideration	4	**20,168**	19,399
Reforestation and environmental		**2,685**	3,017
Deferred income tax liabilities		**14,419**	14,686
Retirement benefit obligations	14	**2,909**	2,928
		1,297,552	1,153,984
Total liabilities		**1,530,481**	1,360,303
Equity			
Common shares	15	**587,355**	586,547
Contributed surplus		**11,083**	11,083
Foreign currency translation		**99,080**	101,563
Deficit		**(32,164)**	(43,523)
		665,354	655,670
Total liabilities and equity		**2,195,835**	2,015,973
Commitments and contingencies	9, 24		

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, 2025 $	2024 $
Revenue	20, 21	**793,248**	602,475
Cost of sales		**660,726**	502,057
Gross margin from operations		**132,522**	100,418
Expenses			
Distribution, selling and administration		**62,490**	54,817
Depreciation and amortization	8, 9, 11	**24,502**	17,532
		86,992	72,349
Operating earnings		**45,530**	28,069
Finance costs	16	**19,372**	10,837
Acquisition costs		**–**	817
Earnings before income taxes		**26,158**	16,415
Provision for (recovery of) income taxes			
Current income tax		**6,199**	2,987
Deferred income tax		**(3,599)**	(946)
		2,600	2,041
Net earnings		**23,558**	14,374
Other comprehensive (loss) income			
Exchange differences on translation of foreign operations(1)		**(2,483)**	16,220
Actuarial gain from pension and other benefit plans(2)		**37**	78
		(2,446)	16,298
Comprehensive earnings		**21,112**	30,672
Net earnings per share			
Basic and diluted		**0.27**	0.16
Weighted average number of shares			
Basic and diluted		**87,371,414**	87,121,434

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 surplus	Foreign currency translation	Deficit	Total
	#	$	$	$	$	$
As at December 31, 2024	87,289,766	586,547	11,083	101,563	(43,523)	655,670
Shares issued pursuant to (Note 15):						
Employee Common Share Purchase Plan	109,676	808	–	–	–	808
Dividends		–	–	–	(12,236)	(12,236)
Comprehensive (loss) earnings for the period		–	–	(2,483)	23,595	21,112
As at March 31, 2025	**87,399,442**	**587,355**	**11,083**	**99,080**	**(32,164)**	**665,354**
As at December 31, 2023	87,041,292	584,956	11,083	34,268	(48,967)	581,340
Shares issued pursuant to (Note 15):						
Employee Common Share Purchase Plan	98,553	698	–	–	–	698
Dividends		–	–	–	(12,200)	(12,200)
Comprehensive earnings for the period		–	–	16,220	14,452	30,672
As at March 31, 2024	**87,139,845**	**585,654**	**11,083**	**50,488**	**(46,715)**	**600,510**

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

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

		Three months ended March 31,	
		2025	2024
(in thousands of Canadian dollars)	Notes	$	$
Operating activities			
Net earnings for the period		**23,558**	14,374
Items not affecting cash:			
Depreciation and amortization	8, 9, 11	**24,502**	17,532
Finance costs	16	**19,372**	10,837
Provision for income taxes		**2,600**	2,041
Other		**(1,574)**	204
Income taxes paid		**(4,455)**	(2,356)
Interest paid on loans and borrowings		**(19,531)**	(4,809)
Cash flows from operating activities before changes in non-cash working capital		**44,472**	37,823
Changes in non-cash working capital	19	**(170,561)**	(167,593)
Net cash flows used in operating activities		**(126,089)**	(129,770)
Financing activities			
Shares issued, net of transaction costs	15	**808**	698
Dividends paid	15	**(12,221)**	(12,186)
Payments of lease liabilities, including interest	9	**(7,945)**	(6,630)
Net advances on revolving loan facility		**140,779**	171,618
Financing costs on borrowings		**(416)**	–
Net cash flows provided by financing activities		**121,005**	153,500
Investing activities			
Purchase of property, plant and equipment	8	**(3,520)**	(1,626)
Proceeds from disposition	10	**14,485**	76
Inventory acquired	4	**–**	(11,416)
Property, plant and equipment, intangible assets and goodwill acquired	4	**–**	(50,865)
Net cash flows provided by (used in) investing activities		**10,965**	(63,831)
Net increase (decrease) in cash and cash equivalents		**5,881**	(40,101)
Foreign exchange difference		**386**	1,079
Cash and cash equivalents (net of bank indebtedness) – beginning of period		**9,380**	29,970
Cash and cash equivalents (net of bank indebtedness) – end of period		**15,647**	(9,052)

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") since 2004. 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, distributing various building materials, as well as producing and treating lumber, and providing other value-add services 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, 2024.

These unaudited Interim Condensed Consolidated Financial Statements were authorized for issuance on May 8, 2025, 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, 2024.

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, 2024, have been consistently applied to all periods in the preparation of these unaudited Interim Condensed Consolidated Financial Statements.

4. BUSINESS ACQUISITIONS

Doman Tucker Lumber Acquisition

On October 1, 2024, the Company completed the acquisition of certain assets of CM Tucker Lumber Companies, LLC (now doing business as "Doman Tucker Lumber"), through a wholly owned subsidiary of the Company (the "Doman Tucker Lumber Acquisition"), a lumber and treated wood supplier, as well as a large producer of specialty value added products, in the Eastern US. Doman Tucker Lumber is headquartered in Pageland, South Carolina, with three large treating plants, specialty sawmilling and a captive trucking fleet.

Cash purchase price consideration of approximately US$295,000, including inventory of approximately US$40,000, was funded by the Company's revolving loan facility and cash and cash equivalents on hand, and is subject to certain post-closing adjustments. The foreign exchange rate used to translate the purchase price consideration and fair values of assets acquired and liabilities assumed was based on the exchange rate as at the date of the Doman Tucker Lumber Acquisition.

The Company engaged an independent valuations expert to assist with the determination of estimated fair value for acquired property, plant and equipment. The valuation model used consisted of a market comparison technique and cost technique which considers market prices for similar assets when they are available, and depreciated replacement cost when they are not. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. The key assumptions used in the estimation of depreciated replacement cost are the asset's estimated replacement cost at the time of acquisition and estimated remaining useful life.

(in thousands of Canadian dollars)

The Company applied the multi-period excess earnings method in determining the fair value of the customer list intangible asset recognized on acquisition. The multi-period excess earnings method considers the present value of incremental after-tax cash flows expected to be generated by the customer relationships after deducting contributory asset charges. The key assumptions used in applying this valuation technique include: the forecasted revenues relating to Doman Tucker Lumber's existing customers at the time of acquisition; the forecasted attrition rates relating to these customers; forecasted operating margins; and the discount rate.

Details of the fair value of the consideration transferred and the fair value of the net assets acquired and liabilities assumed at the date of the above noted acquisition were as follows:

	October 1, 2024[(1)] **$**
Fair value of purchase consideration	
Cash consideration	398,534
Contingent consideration (earnout commitment)	24,219
Total consideration	**422,753**
Fair value of assets acquired and liabilities assumed	
Inventory	54,182
Property, plant and equipment	103,850
Right-of-use assets	6,253
Intangible assets (customer lists)	174,607
Intangible assets (brand)	5,940
Lease liabilities	(6,253)
Total identifiable net assets at fair value	338,579
Goodwill arising on acquisition	84,174
Net assets acquired	**422,753**

1. The provisional purchase price allocation is preliminary, and all assets acquired and liabilities assumed are subject to change up to a period of one year from October 1, 2024, upon finalization of fair value determinations.

The earnout commitment is payable annually over five years from the date of the Doman Tucker Lumber Acquisition on October 1, 2024, if certain earnings performance targets after the acquisition are met. The earnout commitment was recorded in the Consolidated Statement of Financial Position as a contingent consideration liability at fair value, based on estimated future payments in each of the five years from the acquisition date, at a discount rate of approximately 12%.

(in thousands of Canadian dollars)

Recognized goodwill is primarily attributed to expected synergies arising from the Doman Tucker Lumber Acquisition and the expertise and reputation of the assembled management and workforce. Goodwill is expected to be deductible for US income tax purposes.

Southeast Forest Products Acquisition

On March 1, 2024, the Company completed the acquisition of certain assets of Southeast Forest Products Treated, Ltd. (through one of the Company's wholly owned subsidiaries) (the "Southeast Acquisition"), a manufacturer of treated lumber operating in Richmond, Indiana and near Birmingham, Alabama.

Total purchase consideration comprised of US$45,916 cash. The foreign exchange rate used to translate the purchase price consideration and fair values of assets acquired was based on the exchange rate as at the date of the Southeast Acquisition.

The Company engaged a valuations expert to assist with the determination of estimated fair value for acquired property, plant and equipment. The valuation model used consisted of a market comparison technique and cost technique which considers market prices for similar assets when they are available, and depreciated replacement cost when they are not. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. The key assumptions used in the estimation of depreciated replacement cost are the asset's estimated replacement cost at the time of acquisition and estimated remaining useful life.

Purchase price consideration was funded by the Company's cash and cash equivalents on hand.

Details of the fair value of the consideration transferred and the fair value of the assets acquired at the date of the above noted acquisition were as follows:

	March 1, 2024 $
Fair value of purchase consideration	
Cash consideration	**62,281**
Fair value of assets acquired	
Inventory	11,416
Property, plant and equipment	28,193
Intangible assets (customer lists)	6,375
Intangible assets (brand)	709
Total identifiable net assets at fair value	46,693
Goodwill arising on acquisition	15,588
Assets acquired	**62,281**

(in thousands of Canadian dollars)

Recognized goodwill is primarily attributed to expected synergies arising from the Southeast Acquisition and the expertise and reputation of the assembled management and workforce. Goodwill is expected to be deductible for US income tax purposes.

5. CASH AND CASH EQUIVALENTS

	March 31, 2025 $	December 31, 2024 $
Cash	**18,332**	9,243
Interest-bearing bank deposits	**–**	4,261
Cash and cash equivalents	**18,332**	13,504

6. 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, 2025 $	December 31, 2024 $
Trade receivables	**350,496**	192,114
Allowance for doubtful accounts	**(426)**	(489)
Net trade receivables	**350,070**	191,625
Other receivables	**9,791**	10,348
Total trade and other receivables	**359,861**	201,973

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2025 and 2024
(in thousands of Canadian dollars)

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

	March 31, 2025 $	**December 31, 2024 $**
Neither past due nor impaired	**339,320**	188,292
Past due but not impaired:		
Less than 1 month	**16,180**	9,403
1 to 3 months	**3,659**	3,786
3 to 6 months	**702**	492
Total trade and other receivables	**359,861**	201,973

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

	$
Balance at December 31, 2024	489
Recoveries during the period	(64)
Foreign exchange difference	1
Balance at March 31, 2025	**426**

7. INVENTORIES

	March 31, 2025 $	**December 31, 2024 $**
Inventories held for resale	**400,467**	376,293
Inventories held for processing	**110,432**	89,997
	510,899	466,290

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2025 and 2024
(in thousands of Canadian dollars)

8. 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, 2024	43,834	114,593	244,809	10,090	413,326
Additions	–	451	2,979	90	3,520
Disposals	(4,763)	(1,393)	(658)	–	(6,814)
Foreign exchange difference	(11)	(83)	(180)	(3)	(277)
Cost at March 31, 2025	**39,060**	**113,568**	**246,950**	**10,177**	**409,755**
Accumulated depreciation					
Accumulated depreciation at December 31, 2024	–	19,446	122,635	6,668	148,749
Depreciation	–	892	5,524	276	6,692
Disposals	–	(1,080)	(517)	–	(1,597)
Foreign exchange difference	–	(4)	(69)	(1)	(74)
Accumulated depreciation at March 31, 2025	**–**	**19,254**	**127,573**	**6,943**	**153,770**
Net book value at December 31, 2024	43,834	95,147	122,174	3,422	264,577
Net book value at March 31, 2025	**39,060**	**94,314**	**119,377**	**3,234**	**255,985**

(in thousands of Canadian dollars)

9. 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, 2024	133,143	16,616	1,513	151,272
Additions	6,138	547	71	6,756
Modifications and remeasurements	1,437	19	5	1,461
Amortization	(5,482)	(1,430)	(126)	(7,038)
Disposals	(256)	(254)	(5)	(515)
Foreign exchange movements	(65)	(10)	(1)	(76)
Balance at March 31, 2025	**134,915**	**15,488**	**1,457**	**151,860**

Lease liabilities

	Facilities[1] $	Machinery, automotive and other equipment[2] $	Computer equipment $	Total $
Balance at December 31, 2024	145,108	16,667	1,580	163,355
Additions	6,138	547	71	6,756
Modifications and remeasurements	1,437	19	5	1,461
Disposals	(266)	(254)	(5)	(525)
Finance costs	1,224	185	19	1,428
Lease payments	(6,234)	(1,570)	(141)	(7,945)
Foreign exchange movements	(25)	(47)	(4)	(76)
Balance at March 31, 2025	147,382	15,547	1,525	164,454
Less: current portion	(18,759)	(4,747)	(496)	(24,002)
	128,623	**10,800**	**1,029**	**140,452**

1. Includes agreements related to distribution, wood treatment, manufacturing and office facility leases.
2. Includes forklifts, light vehicles and other heavy equipment leases.

(in thousands of Canadian dollars)

Lease commitments

Future undiscounted payments due under the terms of all agreements, including these leases, are as follows (including certain leases with related parties, as disclosed in Note 17):

Years ending December 31	$
Remainder 2025	24,820
2026	28,166
2027	26,488
2028	24,547
2029	20,277
Thereafter	56,132
	180,430

10. TIMBER

	$
Balance at December 31, 2024	45,199
Reforestation provision on harvested land	1,044
Harvested timber transferred to inventory in the period	(453)
Disposal	(8,314)
Balance at March 31, 2025	**37,476**

The Company's private timberlands comprise an area of approximately 35,858 hectares ("ha") of land as at March 31, 2025 (2024 – 44,217 ha), with standing timber consisting of mixed-species softwood forests.

On March 31, 2025, the Company completed a sale of 8,359 hectares of its timberlands. Gross proceeds of $14,370 were used to pay down the Company's revolving loan facility.

(in thousands of Canadian dollars)

11. INTANGIBLE ASSETS

	US operations $	Value-added services $	Total $
Cost			
Cost at December 31, 2024	416,377	10,113	426,490
Disposal	–	(22)	(22)
Foreign exchange difference	(387)	–	(387)
Cost at March 31, 2025	**415,990**	**10,091**	**426,081**
Accumulated amortization			
Accumulated amortization at December 31, 2024	109,446	6,248	115,694
Amortization	10,403	369	10,772
Disposals	–	(9)	(9)
Foreign exchange difference	(89)	–	(89)
Accumulated amortization at March 31, 2025	**119,760**	**6,608**	**126,368**
Net intangible assets at December 31, 2024	306,931	3,865	310,796
Net intangible assets at March 31, 2025	**296,230**	**3,483**	**299,713**

12. GOODWILL

	Canadian operations $	US operations $	Value-added services $	Total $
Balance at December 31, 2024	62,624	429,014	35,347	526,985
Foreign exchange difference	–	(387)	–	(387)
Balance at March 31, 2025	**62,624**	**428,627**	**35,347**	**526,598**

(in thousands of Canadian dollars)

13. LOANS AND BORROWINGS

	March 31, 2025				December 31, 2024			
	Face value $	**Carrying amount $**	**Current portion $**	**Non-current portion $**	**Face value $**	**Carrying amount $**	**Current portion $**	**Non-current portion $**
2029 Unsecured notes[1]	365,000	359,948	–	359,948	365,000	359,718	–	359,718
2026 Unsecured notes[2]	272,163	270,806	–	270,806	272,163	270,413	–	270,413
Revolving loan facility[3]	487,769	486,165	–	486,165	346,302	344,919	–	344,919
	1,124,932	**1,116,919**	**–**	**1,116,919**	**983,465**	**975,050**	**–**	**975,050**

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. Non-publicly listed, with a maturity date of May 15, 2026, and interest rate at 5.25%, payable semi-annually ("2026 Unsecured Notes").
3. 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 2024 audited Annual Consolidated Financial Statements unless otherwise stated below.

During the three months ended March 31, 2025, 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 $491 was recognized in Foreign currency translation in Other comprehensive income.

Issuance of senior unsecured notes

On September 17, 2024, the Company completed a private placement offering of the 2029 Unsecured Notes denominated in principal amounts of one thousand dollars, resulting in gross proceeds of $265,000. The offering was underwritten by a syndicate of underwriters led by Stifel Nicolaus Canada Inc., and including CIBC Capital Markets, TD Securities, National Bank Financial Markets and RBC Capital Markets.

On December 10, 2024, the Company completed an additional private placement offering under the terms of the 2029 Unsecured Notes. These additional notes were issued at a price of $1,015 per $1,000 principal, resulting in gross proceeds of $101,500.

The 2029 Unsecured Notes accrue interest at the rate of 7.5% per annum, payable on a semi-annual basis, maturing on September 17, 2029. Cash proceeds raised from the 2029 Unsecured Notes, net of issuance costs, were used for reducing the Company's existing revolving loan facility and to repurchase for cancellation a portion of the 2026 Unsecured Notes.

Repurchase of 2026 Unsecured Notes

Concurrent with the issuance of the 2029 Unsecured Notes on September 17, 2024, the Company completed the early repurchase for cancellation of $52,337 of its outstanding unsecured notes with a maturity date of May 15, 2026, in accordance with the terms of the unsecured notes trust indenture. Total redemption amount, including accrued interest, was $53,278.

Amendment of revolving loan facility

On April 30, 2024, the Company amended its existing revolving loan facility, extending the maturity date from December 6, 2024, to April 30, 2028. On January 31, 2025, the Company further 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 three months ended March 31, 2025, and had the right to defer settlement for more than twelve months from the period end date.

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.

14. 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, 2025, was $538 (2024 - $626). These expenses have been included in distribution, selling and administration costs and finance costs in the unaudited Interim Condensed Consolidated Statement of Earnings.

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

	March 31, 2025 $	December 31, 2024 $
Pension benefit plan	**796**	813
Other benefit plans	**2,113**	2,115
	2,909	2,928

Further information about these plans is disclosed in Note 17 to the 2024 audited Annual Consolidated Financial Statements.

15. SHARE CAPITAL

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

Employee Common Share Purchase Plan ("ECSPP")

For the three months ended March 31, 2025, the Company issued 109,676 (2024 – 98,553) common shares from treasury for gross proceeds of $808 (2024 - $698), pursuant to the ECSPP.

Dividends

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

	2025			2024		
	Declared			Declared		
	Record date	Amount $	Payment date	Record date	Amount $	Payment date
Quarter 1	Mar 31, 2025	**12,236**	Apr 15, 2025	Mar 28, 2024	**12,200**	Apr 12, 2024
Quarter 2				Jun 28, 2024	12,202	Jul 12, 2024
Quarter 3				Sep 27, 2024	12,220	Oct 15, 2024
Quarter 4				Dec 31, 2024	12,221	Jan 15, 2025
					48,843	

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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2025 and 2024
(in thousands of Canadian dollars)

16. FINANCE COSTS

Finance costs include the following:

	Three months ended March 31, 2025	2024
	$	$
Loans and borrowings	**17,637**	9,512
Lease liabilities	**1,428**	1,055
Other	**(606)**	(375)
Net cash interest	**18,459**	10,192
Amortization of financing costs	**879**	610
Interest on net defined benefit liability	**34**	35
	19,372	10,837

17. 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, 2025	2024
	$	$
Leased distribution[1] and treatment facilities[2]	**1,304**	1,053
Purchase of product[3]	**739**	698
Service fees and other[4]	**225**	184
Professional fees and other[5]	**154**	134

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.

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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 a director and officer of the Company has an interest in, are as follows:

Years ending December 31	**$**
Remainder of 2025	3,915
2026	4,998
2027	5,123
2028	5,260
2029	5,023
Thereafter	6,296
	30,615

Payable to related parties

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

	March 31, 2025 $	**December 31, 2024 $**
Purchase of product[1]	**88**	191
Professional fees and other[2]	**249**	197

1. 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.
2. Owing to a company controlled by an officer of the Company.

(in thousands of Canadian dollars)

18. 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, 2025		December 31,2024	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
2029 Unsecured Notes[1]	**359,948**	**363,175**	359,718	371,065
2026 Unsecured Notes[2]	**270,806**	**270,802**	270,413	271,483
Revolving loan facility	**486,165**	**487,769**	344,919	346,302

1. Non-publicly listed, with a maturity date of September 17, 2029, and interest rate at 7.5%.
2. Non-publicly listed, with a maturity date of May 15, 2026, and interest rate at 5.25%.

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 values of the Company's 2026 Unsecured Notes and 2029 Unsecured Notes were 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 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.

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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 business combination during the year ended December 31, 2024 (Note 4), 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, 2025, was nominal.

The following table shows, as at March 31, 2025, the Company's contractual obligations with respect to its non-derivative financial instruments, including estimated interest, within the periods indicated:

	Total contractual obligation	**Remainder of 2025**	**2026-2027**	**2028-2029**	**Thereafter**
	$	**$**	**$**	**$**	**$**
Revolving loan facility[1]	**582,244**	17,731	47,068	517,445	–
Unsecured notes[2]	**781,880**	28,089	334,041	419,750	–
Leases (Note 9)	**180,430**	24,820	54,654	44,824	56,132
Accounts payable and other	**215,302**	186,550	14,376	14,376	–
Total contractual obligations	**1,759,856**	**257,190**	**450,139**	**996,395**	**56,132**

1. Interest has been calculated based on the average borrowing under the facility for the three months ended March 31, 2025, utilizing the interest rate payable under the terms of the facility at March 31, 2025. This facility matures on April 30, 2028.
2. Non-publicly listed notes in the amount of $272,163, with maturity date of May 15, 2026, and interest rate of 5.25%, and non-publicly listed notes in the amount of $365,000, with maturity date of September 17, 2029, and interest rate at 7.5%.

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, 2025, and December 31, 2024. 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, 2025, the Company recorded an unrealized foreign exchange loss of $491 (2024 - loss of $4,148), arising on revaluation of hedged foreign currency debt in Foreign currency translation in Other comprehensive income during the period.

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.

(in thousands of Canadian dollars)

As at March 31, 2025, trade accounts receivable, excluding other receivables, were as follows:

	$
Current	348,775
Past due over 60 days	1,721
Trade receivables	350,496
Less: Allowance for doubtful accounts	(426)
	350,070

As at March 31, 2025, the maximum exposure to credit risk, including both trade and other receivables, was $359,861 (December 31, 2024 – $201,973), which represents the carrying value amount of financial instruments classified as trade and other receivables.

Interest rate risk

The majority of the Company's borrowings are currently issued at fixed rates, specifically, the 2026 Unsecured Notes and 2029 Unsecured Notes (Note 13). 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 13). Based on the Company's average variable rate borrowings during the three months ended March 31, 2025, the sensitivity of a 1% increase in interest rates would result in an approximate decrease of $836 in quarterly net earnings.

The Company did not hold any interest rate swaps during the periods ended March 31, 2025 and 2024. 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, 2025, the Company had US dollar drawings under its revolving loan facility of US$169,028 (2024 - US$310,330), which have been designated as a hedge against the Company's net investment in its foreign operations.

(in thousands of Canadian dollars)

As at March 31, 2025, an increase of $0.05 in the US dollar versus the Canadian dollar would have an insignificant impact on quarterly net earnings, and an increase in Other comprehensive earnings of approximately $39,000.

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.

19. CHANGES IN NON-CASH WORKING CAPITAL

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

	Three months ended March 31,	
	2025	**2024**
	$	**$**
Trade and other receivables	**(161,568)**	(140,052)
Inventories	**(48,008)**	(47,901)
Prepaid expenses and deposits	**2,818**	(1,083)
Trade and other payables	**36,197**	21,443
	(170,561)	(167,593)

(in thousands of Canadian dollars)

20. 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 March 31, 2025			**Three months ended March 31, 2024**		
	Building Materials $	**Other $**	**Total $**	**Building Materials $**	**Other $**	**Total $**
Geographic markets						
Canada	224,503	7,933	**232,436**	243,471	6,679	**250,150**
US	560,812	–	**560,812**	352,325	–	**352,325**
	785,315	7,933	**793,248**	595,796	6,679	**602,475**
Revenue categories						
Products	783,689	7,933	**791,622**	594,814	6,679	**601,493**
Services	1,626	–	**1,626**	982	–	**982**
	785,315	7,933	**793,248**	595,796	6,679	**602,475**

Certain customers elect to prepay for goods and services, for which the Company has recorded a contract liability of $5,972 as at March 31, 2025 (December 31, 2024 – $8,654), 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, 2025, one customer individually accounted for revenue in excess of 10%, purchasing an aggregate of $284,514 (2024 - $194,374, representing two customers).

21. 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.

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Business segment revenues and specified expenses were as follows:

	Three months ended March 31, 2025			Three months ended March 31, 2024		
	Building Materials $	Other $	Total $	Building Materials $	Other $	Total $
Revenue	785,315	7,933	**793,248**	595,796	6,679	**602,475**
Specified expenses						
Depreciation and amortization	23,835	667	**24,502**	16,857	675	**17,532**
Finance costs	19,196	176	**19,372**	10,797	40	**10,837**
Net earnings (loss)	21,159	2,399	**23,558**	14,888	(514)	**14,374**
Purchase of property, plant and equipment	3,482	38	**3,520**	1,460	166	**1,626**

Business segment long-term assets were as follows:

	March 31, 2025				December 31, 2024			
	Building Materials $	Other $	Percent %	Total $	Building Materials $	Other $	Percent %	Total $
Canada	182,453	74,035	20	**256,488**	179,981	87,015	20	**266,996**
US	1,032,315	–	80	**1,032,315**	1,045,474	–	80	**1,045,474**
Long-term assets	1,214,768	74,035	100	**1,288,803**	1,225,455	87,015	100	**1,312,470**

(in thousands of Canadian dollars)

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

	Three months ended March 31,	
	2025	2024
	%	%
Construction materials	**81**	76
Specialty and allied	**15**	20
Other	**4**	4
	100	100

22. 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.

23. 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.

24. 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.

DOMAN™

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