DOMAN™

Doman Building Materials Group Ltd.

Unaudited Interim Condensed
Consolidated Financial Statements

June 30, 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 June 30, 2025 $	As at December 31, 2024 $
Assets			
Current assets			
Cash and cash equivalents	5	**15,209**	13,504
Trade and other receivables	6	**346,089**	201,973
Income taxes receivable		**–**	2,562
Inventories	7	**443,037**	466,290
Prepaid expenses and deposits		**14,424**	19,174
		818,759	703,503
Non-current assets			
Property, plant and equipment	8	**239,679**	264,577
Right-of-use assets	9	**144,400**	151,272
Timber	10	**37,369**	45,199
Deferred income tax assets		**18,038**	11,331
Intangible assets	11	**274,447**	310,796
Goodwill	12	**504,743**	526,985
Other assets		**2,401**	2,310
		1,221,077	1,312,470
Total assets		**2,039,836**	2,015,973
Liabilities			
Current liabilities			
Bank indebtedness		**5,298**	4,124
Trade and other payables		**179,358**	155,273
Dividends payable	15	**12,249**	12,221
Income taxes payable		**3,575**	3,055
Current portion of non-current liabilities	4, 9, 13	**300,915**	31,646
		501,395	206,319
Non-current liabilities			
Loans and borrowings	13	**742,686**	975,050
Lease liabilities	9	**134,133**	138,904
Contingent consideration	4	**19,886**	19,399
Reforestation and environmental		**1,272**	3,017
Deferred income tax liabilities		**14,179**	14,686
Retirement benefit obligations	14	**2,872**	2,928
		915,028	1,153,984
Total liabilities		**1,416,423**	1,360,303
Equity			
Common shares	15	**587,983**	586,547
Contributed surplus		**10,804**	11,083
Foreign currency translation		**41,324**	101,563
Deficit		**(16,698)**	(43,523)
		623,413	655,670
Total liabilities and equity		**2,039,836**	2,015,973
Commitments and contingencies	9, 24		

Interim Condensed Consolidated Statements of Earnings and Comprehensive (Loss) 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 June 30, 2025 $	Three months ended June 30, 2024 $	Six months ended June 30, 2025 $	Six months ended June 30, 2024 $
Revenue	20, 21	**886,719**	689,834	**1,679,967**	1,292,309
Cost of sales		**744,030**	581,734	**1,404,756**	1,083,791
Gross margin from operations		**142,689**	108,100	**275,211**	208,518
Expenses					
Distribution, selling and administration		**62,653**	57,536	**125,143**	112,353
Depreciation and amortization	8, 9, 11	**25,279**	17,606	**49,781**	35,138
		87,932	75,142	**174,924**	147,491
Operating earnings		**54,757**	32,958	**100,287**	61,027
Finance costs	16	**19,268**	12,582	**38,640**	23,419
Acquisition costs		**–**	371	**–**	1,188
Earnings before income taxes		**35,489**	20,005	**61,647**	36,420
Provision for (recovery of) income taxes					
Current income tax		**10,963**	2,981	**17,162**	5,968
Deferred income tax		**(3,156)**	42	**(6,755)**	(904)
		7,807	3,023	**10,407**	5,064
Net earnings		**27,682**	16,982	**51,240**	31,356
Other comprehensive (loss) income					
Exchange differences on translation of foreign operations[1]		**(57,756)**	6,509	**(60,239)**	22,729
Actuarial gain from pension and other benefit plans[2]		**33**	48	**70**	126
		(57,723)	6,557	**(60,169)**	22,855
Comprehensive (loss) earnings		**(30,041)**	23,539	**(8,929)**	54,211
Net earnings per share					
Basic and diluted		**0.32**	0.19	**0.59**	0.36
Weighted average number of shares					
Basic and diluted		**87,464,509**	87,150,748	**87,418,219**	87,136,091

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):						
Restricted Equity Common Share Plan	91,522	628	(628)	–	–	–
Employee Common Share Purchase Plan	109,621	808	–	–	–	808
Share-based compensation charged to operations		–	349	–	–	349
Dividends		–	–	–	(24,485)	(24,485)
Comprehensive (loss) earnings for the period		–	–	(60,239)	51,310	(8,929)
As at June 30, 2025	**87,490,909**	**587,983**	**10,804**	**41,324**	**(16,698)**	**623,413**
As at December 31, 2023	87,041,292	584,956	11,083	34,268	(48,967)	581,340
Shares issued pursuant to (Note 15):						
Restricted Equity Common Share Plan	19,455	98	(98)	–	–	–
Employee Common Share Purchase Plan	98,553	701	–	–	–	701
Share-based compensation charged to operations		–	98	–	–	98
Dividends		–	–	–	(24,402)	(24,402)
Comprehensive earnings for the period		–	–	22,729	31,482	54,211
As at June 30, 2024	**87,159,300**	**585,755**	**11,083**	**56,997**	**(41,887)**	**611,948**

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

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

		Three months ended June 30,		Six months ended June 30,	
		2025	**2024**	**2025**	**2024**
(in thousands of Canadian dollars)	**Notes**	**$**	**$**	**$**	**$**
Operating activities					
Net earnings for the period		**27,682**	16,982	**51,240**	31,356
Items not affecting cash:					
Depreciation and amortization	8, 9, 11	**25,279**	17,606	**49,781**	35,138
Finance costs	16	**19,268**	12,582	**38,640**	23,419
Provision for income taxes		**7,807**	3,023	**10,407**	5,064
Other		**(125)**	(195)	**(1,699)**	9
Income taxes paid		**(9,721)**	(4,029)	**(14,176)**	(6,385)
Interest paid on loans and borrowings		**(13,998)**	(14,863)	**(33,529)**	(19,672)
Cash flows from operating activities before changes in non-cash working capital		**56,192**	31,106	**100,664**	68,929
Changes in non-cash working capital	19	**55,659**	39,745	**(114,902)**	(127,848)
Net cash flows provided by (used in) operating activities		**111,851**	70,851	**(14,238)**	(58,919)
Financing activities					
Shares issued, net of transaction costs	15	**–**	3	**808**	701
Dividends paid	15	**(12,236)**	(12,200)	**(24,457)**	(24,386)
Payments of lease liabilities, including interest	9	**(7,844)**	(6,842)	**(15,789)**	(13,472)
Net (repayments) advances on revolving loan facility		**(93,984)**	(39,421)	**46,795**	132,197
Debt issuance costs		**(75)**	(1,092)	**(491)**	(1,092)
Net cash flows (used in) provided by financing activities		**(114,139)**	(59,552)	**6,866**	93,948
Investing activities					
Purchase of property, plant and equipment	8	**(2,618)**	(3,923)	**(6,138)**	(5,549)
Proceeds from disposition	10	**266**	270	**14,751**	346
Inventory acquired	4	**–**	–	**–**	(11,416)
Property, plant and equipment, intangible assets and goodwill acquired	4	**–**	–	**–**	(50,865)
Net cash flows (used in) provided by investing activities		**(2,352)**	(3,653)	**8,613**	(67,484)
Net (decrease) increase in cash and cash equivalents		**(4,640)**	7,646	**1,241**	(32,455)
Foreign exchange difference		**(1,096)**	87	**(710)**	1,166
Cash and cash equivalents (net of bank indebtedness) – beginning of period		**15,647**	(9,052)	**9,380**	29,970
Cash and cash equivalents (net of bank indebtedness) – end of period		**9,911**	(1,319)	**9,911**	(1,319)

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, 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 August 6, 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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2025 and 2024
(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

	June 30, 2025 $	December 31, 2024 $
Cash	**15,209**	9,243
Interest-bearing bank deposits	**–**	4,261
Cash and cash equivalents	**15,209**	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:

	June 30, 2025 $	December 31, 2024 $
Trade receivables	**334,527**	192,114
Allowance for doubtful accounts	**(541)**	(489)
Net trade receivables	**333,986**	191,625
Other receivables	**12,103**	10,348
Total trade and other receivables	**346,089**	201,973

(in thousands of Canadian dollars)

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

	June 30, 2025 $	December 31, 2024 $
Neither past due nor impaired	**329,170**	188,292
Past due but not impaired:		
Less than 1 month	**12,265**	9,403
1 to 3 months	**4,194**	3,786
3 to 6 months	**460**	492
Total trade and other receivables	**346,089**	201,973

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

	$
Balance at December 31, 2024	489
Accruals during the period	73
Foreign exchange difference	(21)
Balance at June 30, 2025	**541**

7. INVENTORIES

	June 30, 2025 $	December 31, 2024 $
Inventories held for resale	**357,554**	376,293
Inventories held for processing	**85,483**	89,997
	443,037	466,290

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	68	360	5,415	295	6,138
Disposals	(4,763)	(1,393)	(1,261)	–	(7,417)
Foreign exchange difference	(661)	(4,727)	(10,513)	(213)	(16,114)
Cost at June 30, 2025	**38,478**	**108,833**	**238,450**	**10,172**	**395,933**
Accumulated depreciation					
Accumulated depreciation at December 31, 2024	–	19,446	122,635	6,668	148,749
Depreciation	–	2,957	11,172	553	14,682
Disposals	–	(1,080)	(1,115)	–	(2,195)
Foreign exchange difference	–	(459)	(4,383)	(140)	(4,982)
Accumulated depreciation at June 30, 2025	**–**	**20,864**	**128,309**	**7,081**	**156,254**
Net book value at December 31, 2024	43,834	95,147	122,174	3,422	264,577
Net book value at June 30, 2025	**38,478**	**87,969**	**110,141**	**3,091**	**239,679**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2025 and 2024
(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	6,029	3,940	81	10,050
Modifications and remeasurements	2,101	29	5	2,135
Amortization	(10,888)	(2,884)	(251)	(14,023)
Disposals	(252)	(301)	(5)	(558)
Foreign exchange movements	(3,817)	(589)	(70)	(4,476)
Balance at June 30, 2025	**126,316**	**16,811**	**1,273**	**144,400**

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	6,029	3,940	81	10,050
Modifications and remeasurements	2,101	29	5	2,135
Disposals	(261)	(303)	(5)	(569)
Finance costs	2,402	387	37	2,826
Lease payments	(12,330)	(3,179)	(280)	(15,789)
Foreign exchange movements	(4,582)	(328)	(71)	(4,981)
Balance at June 30, 2025	138,467	17,213	1,347	157,027
Less: current portion	(17,503)	(4,916)	(475)	(22,894)
	120,964	**12,297**	**872**	**134,133**

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	16,214
2026	28,231
2027	26,558
2028	24,585
2029	20,272
Thereafter	54,447
	170,307

10. TIMBER

	$
Balance at December 31, 2024	45,199
Reforestation provision on harvested land	1,112
Harvested timber transferred to inventory in the period	(628)
Disposal	(8,314)
Balance at June 30, 2025	**37,369**

The Company's private timberlands comprise an area of approximately 35,858 hectares ("ha") of land as at June 30, 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	(21,588)	–	(21,588)
Cost at June 30, 2025	**394,789**	**10,091**	**404,880**
Accumulated amortization			
Accumulated amortization at December 31, 2024	109,446	6,248	115,694
Amortization	20,385	691	21,076
Disposals	–	(9)	(9)
Foreign exchange difference	(6,328)	–	(6,328)
Accumulated amortization at June 30, 2025	**123,503**	**6,930**	**130,433**
Net intangible assets at December 31, 2024	306,931	3,865	310,796
Net intangible assets at June 30, 2025	**271,286**	**3,161**	**274,447**

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	–	(22,242)	–	(22,242)
Balance at June 30, 2025	**62,624**	**406,772**	**35,347**	**504,743**

(in thousands of Canadian dollars)

13. LOANS AND BORROWINGS

	June 30, 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	360,241	–	360,241	365,000	359,718	–	359,718
2026 Unsecured notes[2]	272,163	271,199	271,199	–	272,163	270,413	–	270,413
Revolving loan facility[3]	384,000	382,445	–	382,445	346,302	344,919	–	344,919
	1,021,163	**1,013,885**	**271,199**	**742,686**	**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 six months ended June 30, 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 gain of $11,164 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 six-month period ended June 30, 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.

(in thousands of Canadian dollars)

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 June 30, 2025, was $551 (2024 - $531) and for the six-month period ended June 30, 2025, was $1,089 (2024 - $1,157). 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:

	June 30, 2025 $	**December 31, 2024 $**
Pension benefit plan	**775**	813
Other benefit plans	**2,097**	2,115
	2,872	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.

Restricted Equity Common Share Plan ("RECSP")

As at June 30, 2025, there were no outstanding Restricted Share Units ("RSUs") pursuant to the RECSP (December 31, 2024 - nil). Compensation expense in respect of RSUs for the three months ended June 30, 2025, was $349 (2024 - $98) and for the six-month period to date was $349 (2024 - $98).

Employee Common Share Purchase Plan ("ECSPP")

For the three months ended June 30, 2025, the Company did not issue any common shares from treasury (2024 - nil), and for the six-month period to date the Company issued 109,621 (2024 – 98,553) common shares from treasury for gross proceeds of $808 (2024 - $698), pursuant to the ECSPP.

Subsequent to June 30, 2025, the Company issued 139,971 shares under the ECSPP for gross proceeds of $1,039.

(in thousands of Canadian dollars)

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 30, 2025	12,249	Jul 15, 2025	Jun 28, 2024	12,202	Jul 12, 2024
		24,485			**24,402**	
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.

16. FINANCE COSTS

Finance costs include the following:

	Three months ended June 30,		Six months ended June 30,	
	2025 $	2024 $	2025 $	2024 $
Loans and borrowings	**18,676**	11,224	**36,312**	20,736
Lease liabilities	**1,398**	1,081	**2,826**	2,136
Interest income and other	**(1,727)**	(373)	**(2,332)**	(748)
Net cash interest	**18,347**	11,932	**36,806**	22,124
Amortization of financing costs	**888**	615	**1,767**	1,225
Interest on net defined benefit liability	**33**	35	**67**	70
	19,268	12,582	**38,640**	23,419

(in thousands of Canadian dollars)

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 June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
	$	**$**	**$**	**$**
Leased distribution[(1)] and treatment facilities[(2)]	**1,304**	1,052	**2,608**	2,105
Purchase of product[(3)]	**483**	541	**1,222**	1,239
Service fees and other[(4)]	**245**	453	**470**	637
Professional fees and other[(5)]	**153**	176	**307**	310

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

Years ending December 31	**$**
Remainder of 2025	2,607
2026	4,985
2027	5,123
2028	5,260
2029	5,023
Thereafter	6,296
	29,294

(in thousands of Canadian dollars)

Payable to related parties

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

	June 30, 2025 $	December 31, 2024 $
Purchase of product[1]	**100**	191
Service fees and other[2]	**40**	–
Professional fees and other[3]	**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 a member of key management personnel who is also a director and officer of the Company.
3. Owing to a company controlled by an officer of the Company.

18. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

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

	June 30, 2025		December 31, 2024	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
2029 Unsecured Notes[1]	**360,241**	**367,281**	359,718	371,065
2026 Unsecured Notes[2]	**271,199**	**271,823**	270,413	271,483
Revolving loan facility	**382,445**	**384,000**	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.

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

- 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.

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 six months ended June 30, 2025, was nominal.

The following table shows, as at June 30, 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]	**447,767**	11,347	45,019	391,401	–
Unsecured notes[2]	**774,735**	20,944	334,041	419,750	–
Leases (Note 9)	**170,307**	16,214	54,789	44,857	54,447
Accounts payable and other	**212,241**	184,953	13,644	13,644	–
Total contractual obligations	**1,605,050**	**233,458**	**447,493**	**869,652**	**54,447**

1. Interest has been calculated based on the average borrowing under the facility for the six months ended June 30, 2025, utilizing the interest rate payable under the terms of the facility at June 30, 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 June 30, 2025, and not at 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 six months ended June 30, 2025, the Company recorded an unrealized foreign exchange gain of $11,164 (2024 - loss of $6,026), 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.

(in thousands of Canadian dollars)

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 June 30, 2025, trade accounts receivable, excluding other receivables, were as follows:

	$
Current	332,225
Past due over 60 days	2,302
Trade receivables	334,527
Less: Allowance for doubtful accounts	(541)
	333,986

As at June 30, 2025, the maximum exposure to credit risk, including both trade and other receivables, was $346,089 (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 six months ended June 30, 2025, the sensitivity of a 1% increase in interest rates would result in an approximate decrease of $856 in quarterly net earnings.

The Company did not hold any interest rate swaps during the periods ended June 30, 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 June 30, 2025, the Company had US dollar drawings under its revolving loan facility of US$114,492 (2024 - US$310,330), which have been designated as a hedge against the Company's net investment in its foreign operations.

As at June 30, 2025, an increase of $0.05 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 $41,000.

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 June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
	$	**$**	**$**	**$**
Trade and other receivables	**3,487**	2,674	**(158,081)**	(137,378)
Inventories	**52,503**	39,416	**4,495**	(8,485)
Prepaid expenses and deposits	**1,369**	897	**4,187**	555
Trade and other payables	**(1,700)**	(3,242)	**34,497**	17,460
	55,659	39,745	**(114,902)**	(127,848)

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 June 30, 2025			Three months ended June 30, 2024		
	Building Materials	**Other**	**Total**	**Building Materials**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Geographic markets						
Canada	256,936	6,700	**263,636**	267,159	10,384	**277,543**
US	623,083	–	**623,083**	412,291	–	**412,291**
	880,019	6,700	**886,719**	679,450	10,384	**689,834**
Revenue categories						
Products	878,296	6,700	**884,996**	677,917	10,384	**688,301**
Services	1,723	–	**1,723**	1,533	–	**1,533**
	880,019	6,700	**886,719**	679,450	10,384	**689,834**

(in thousands of Canadian dollars)

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Building Materials $	**Other $**	**Total $**	**Building Materials $**	**Other $**	**Total $**
Geographic markets						
Canada	481,439	14,633	**496,072**	510,631	17,063	**527,694**
US	1,183,895	–	**1,183,895**	764,615	–	**764,615**
	1,665,334	14,633	**1,679,967**	1,275,246	17,063	**1,292,309**
Revenue categories						
Products	1,661,987	14,633	**1,676,620**	1,272,735	17,063	**1,289,798**
Services	3,347	–	**3,347**	2,511	–	**2,511**
	1,665,334	14,633	**1,679,967**	1,275,246	17,063	**1,292,309**

Certain customers elect to prepay for goods and services, for which the Company has recorded a contract liability of $5,416 as at June 30, 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 June 31, 2025, one customer individually accounted for revenue in excess of 10%, purchasing an aggregate of $312,347 (2024 - $141,766, representing one customer) and for the six-month period to date, one customer individually accounted for revenue in excess of 10%, purchasing an aggregate of $596,861 (2024 - $275,191, representing one customer).

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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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Business segment revenues and specified expenses were as follows:

	Three months ended June 30, 2025			Three months ended June 30, 2024		
	Building Materials $	Other $	Total $	Building Materials $	Other $	Total $
Revenue	880,019	6,700	**886,719**	679,450	10,384	**689,834**
Specified expenses						
Depreciation and amortization	24,695	584	**25,279**	16,978	628	**17,606**
Finance costs	19,103	165	**19,268**	12,423	159	**12,582**
Net earnings	27,263	419	**27,682**	16,769	213	**16,982**
Purchase of property, plant and equipment	2,488	130	**2,618**	3,574	349	**3,923**

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Building Materials $	Other $	Total $	Building Materials $	Other $	Total $
Revenue	1,665,334	14,633	**1,679,967**	1,275,246	17,063	**1,292,309**
Specified expenses						
Depreciation and amortization	48,530	1,251	**49,781**	33,835	1,303	**35,138**
Finance costs	38,299	341	**38,640**	23,168	251	**23,419**
Net earnings (loss)	48,422	2,818	**51,240**	31,657	(301)	**31,356**
Purchase of property, plant and equipment	5,970	168	**6,138**	5,034	515	**5,549**

(in thousands of Canadian dollars)

Business segment long-term assets were as follows:

	June 30, 2025				December 31, 2024			
	Building Materials $	Other $	Percent %	Total $	Building Materials $	Other $	Percent %	Total $
Canada	184,379	73,946	21	**258,325**	179,981	87,015	20	**266,996**
US	962,752	–	79	**962,752**	1,045,474	–	80	**1,045,474**
Long-term assets	1,147,131	73,946	100	**1,221,077**	1,225,455	87,015	100	**1,312,470**

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

	Three months ended June 30,		Six months ended June 30,	
	2025 %	2024 %	2025 %	2024 %
Construction materials	**82**	76	**82**	76
Specialty and allied	**15**	20	**15**	20
Other	**3**	4	**3**	4
	100	100	**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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