

The top of the page features a dark background on the left with the 'DOMAN' logo in white. On the right, there is a photograph of a white Doman truck with the company name on its side, set against a backdrop of mountains and a cloudy sky.

DOMANTM

Third Quarter Report 2025

DOMANTM

Doman Building Materials Group Ltd.

**Unaudited Interim Condensed
Consolidated Financial Statements**

September 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.

		As at September 30, 2025	As at December 31, 2024
(in thousands of Canadian dollars)	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	15,299	13,504
Trade and other receivables	6	300,446	201,973
Income taxes receivable		3,200	2,562
Inventories	7	376,707	466,290
Prepaid expenses and deposits		14,392	19,174
		710,044	703,503
Non-current assets			
Property, plant and equipment	8	221,883	264,577
Right-of-use assets	9	165,353	151,272
Timber	10	–	45,199
Deferred income tax assets		20,216	11,331
Intangible assets	11	268,625	310,796
Goodwill	12	514,320	526,985
Other assets		397	2,310
		1,190,794	1,312,470
Total assets		1,900,838	2,015,973
Liabilities			
Current liabilities			
Bank indebtedness		9,732	4,124
Trade and other payables		182,600	155,273
Dividends payable	15	12,268	12,221
Income taxes payable		7,297	3,055
Current portion of non-current liabilities	4, 9, 13	303,554	31,646
		515,451	206,319
Non-current liabilities			
Loans and borrowings	13	548,018	975,050
Lease liabilities	9	153,892	138,904
Contingent consideration	4	21,052	19,399
Reforestation and environmental		–	3,017
Deferred income tax liabilities		6,484	14,686
Retirement benefit obligations	14	2,835	2,928
		732,281	1,153,984
Total liabilities		1,247,732	1,360,303
Equity			
Common shares	15	589,022	586,547
Contributed surplus		10,831	11,083
Foreign currency translation		64,119	101,563
Deficit		(10,866)	(43,523)
		653,106	655,670
Total liabilities and equity		1,900,838	2,015,973
Commitments and contingencies	9, 24		
Events after the financial statement date	25		

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 September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue	20, 21	795,092	663,089	2,475,059	1,955,398
Cost of sales		672,030	560,139	2,076,786	1,643,930
Gross margin from operations		123,062	102,950	398,273	311,468
Expenses					
Distribution, selling and administration		61,043	55,511	186,186	167,864
Depreciation and amortization	8, 9, 11	25,018	18,008	74,799	53,146
		86,061	73,519	260,985	221,010
Operating earnings		37,001	29,431	137,288	90,458
Finance costs	16	18,051	11,783	56,691	35,202
Acquisition costs		–	1,161	–	2,349
Earnings before income taxes		18,950	16,487	80,597	52,907
Provision for (recovery of) income taxes					
Current income tax		10,958	2,289	28,120	8,257
Deferred income tax		(10,068)	(369)	(16,823)	(1,273)
		890	1,920	11,297	6,984
Net earnings		18,060	14,567	69,300	45,923
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations ⁽¹⁾		22,795	(9,889)	(37,444)	12,840
Actuarial gain (loss) from pension and other benefit plans ⁽²⁾		40	(38)	110	88
		22,835	(9,927)	(37,334)	12,928
Comprehensive earnings		40,895	4,640	31,966	58,851
Net earnings per share					
Basic and diluted		0.21	0.17	0.79	0.53
Weighted average number of shares					
Basic and diluted		87,603,314	87,245,632	87,480,595	87,172,871

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	248,800	1,847	–	–	–	1,847
Share-based compensation charged to operations		–	376	–	–	376
Dividends		–	–	–	(36,753)	(36,753)
Comprehensive (loss) earnings for the period		–	–	(37,444)	69,410	31,966
As at September 30, 2025	87,630,088	589,022	10,831	64,119	(10,866)	653,106
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	20,455	105	(105)	–	–	–
Employee Common Share Purchase Plan	223,625	1,448	–	–	–	1,448
Share-based compensation charged to operations		–	105	–	–	105
Dividends		–	–	–	(36,622)	(36,622)
Comprehensive earnings for the period		–	–	12,840	46,011	58,851
As at September 30, 2024	87,285,372	586,509	11,083	47,108	(39,578)	605,122

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

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

(in thousands of Canadian dollars)	Notes	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Operating activities					
Net earnings for the period		18,060	14,567	69,300	45,923
Items not affecting cash:					
Depreciation and amortization	8, 9, 11	25,018	18,008	74,799	53,146
Finance costs	16	18,051	11,783	56,691	35,202
Provision for income taxes		890	1,920	11,297	6,984
Other		(3,134)	272	(4,833)	281
Income taxes paid		(10,400)	(1,021)	(24,576)	(7,406)
Interest paid on loans and borrowings		(17,577)	(5,552)	(51,106)	(25,224)
Cash flows from operating activities before changes in non-cash working capital		30,908	39,977	131,572	108,906
Changes in non-cash working capital	19	130,305	140,070	15,403	12,222
Net cash flows provided by operating activities		161,213	180,047	146,975	121,128
Financing activities					
Shares issued, net of transaction costs	15	1,039	747	1,847	1,448
Dividends paid	15	(12,249)	(12,202)	(36,706)	(36,588)
Payments of lease liabilities, including interest	9	(8,350)	(7,786)	(24,139)	(21,258)
Net repayments on revolving loan facility		(196,969)	(337,856)	(150,174)	(205,659)
Issuance of senior unsecured notes	13	–	265,000	–	265,000
Repurchase of senior unsecured notes	13	–	(52,337)	–	(52,337)
Other		634	(5,199)	143	(6,291)
Net cash flows used in financing activities		(215,895)	(149,633)	(209,029)	(55,685)
Investing activities					
Purchase of property, plant and equipment	8	(8,583)	(3,961)	(14,721)	(9,510)
Proceeds from disposition	10	61,663	–	76,414	346
Inventory acquired	4	(680)	–	(680)	(11,416)
Property, plant and equipment, intangible assets and goodwill acquired	4	(1,154)	–	(1,154)	(50,865)
Net cash flows provided by (used in) investing activities		51,246	(3,961)	59,859	(71,445)
Net (decrease) increase in cash and cash equivalents		(3,436)	26,453	(2,195)	(6,002)
Foreign exchange difference		(908)	(126)	(1,618)	1,040
Cash and cash equivalents (net of bank indebtedness) – beginning of period		9,911	(1,319)	9,380	29,970
Cash and cash equivalents (net of bank indebtedness) – end of period		5,567	25,008	5,567	25,008

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

(in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

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

The Company operates through its wholly owned subsidiaries, 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 November 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.

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

(in thousands of Canadian dollars)

c) Functional and presentation currency

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

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies as disclosed in the Company's audited Annual Consolidated Financial Statements for the year ended December 31, 2024, have been consistently applied to all periods in the preparation of these unaudited Interim Condensed Consolidated Financial Statements.

4. BUSINESS ACQUISITIONS

Temecula Acquisition

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

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

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

(in thousands of Canadian dollars)

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.

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.

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

(in thousands of Canadian dollars)

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 Provisional ⁽¹⁾ \$	Revisions \$	October 1, 2024 Revised ⁽¹⁾ \$
Fair value of purchase consideration			
Cash consideration	398,534	(221)	398,313
Contingent consideration (earnout commitment)	24,219	–	24,219
Total consideration	422,753	(221)	422,532
Fair value of assets acquired and liabilities assumed			
Inventory	54,182	(221)	53,961
Property, plant and equipment	103,850	380	104,230
Right-of-use assets	6,253	–	6,253
Intangible assets (customer lists)	174,607	(405)	174,202
Intangible assets (brand)	5,940	–	5,940
Lease liabilities	(6,253)	–	(6,253)
Total identifiable net assets at fair value	338,579	(246)	338,333
Goodwill arising on acquisition	84,174	25	84,199
Net assets acquired	422,753	(221)	422,532

1. The purchase price allocation determined at the acquisition date was preliminary and subject to change up to a period of one year from October 1, 2024, upon finalization of fair value determinations, which were finalized during the period ended September 30, 2025.

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%.

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.

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

(in thousands of Canadian dollars)

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

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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2025 and 2024
(in thousands of Canadian dollars)

5. CASH AND CASH EQUIVALENTS

	September 30, 2025 \$	December 31, 2024 \$
Cash	4,066	9,243
Interest-bearing bank deposits	11,233	4,261
Cash and cash equivalents	15,299	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:

	September 30, 2025 \$	December 31, 2024 \$
Trade receivables	289,246	192,114
Allowance for doubtful accounts	(580)	(489)
Net trade receivables	288,666	191,625
Other receivables	11,780	10,348
Total trade and other receivables	300,446	201,973

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

(in thousands of Canadian dollars)

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

	September 30, 2025 \$	December 31, 2024 \$
Neither past due nor impaired	274,684	188,292
Past due but not impaired:		
Less than 1 month	22,074	9,403
1 to 3 months	3,325	3,786
3 to 6 months	363	492
Total trade and other receivables	300,446	201,973

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

	\$
Balance at December 31, 2024	489
Accruals during the period	102
Foreign exchange difference	(11)
Balance at September 30, 2025	580

7. INVENTORIES

	September 30, 2025 \$	December 31, 2024 \$
Inventories held for resale	293,493	376,293
Inventories held for processing	83,214	89,997
	376,707	466,290

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the three and nine months ended September 30, 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	68	763	13,312	578	14,721
Additions arising on acquisition (Note 4)	–	–	509	–	509
Disposals	(26,657)	(7,986)	(3,972)	–	(38,615)
Foreign exchange difference	(413)	(2,985)	(6,464)	(151)	(10,013)
Cost at September 30, 2025	16,832	104,385	248,194	10,517	379,928
Accumulated depreciation					
Accumulated depreciation at December 31, 2024	–	19,446	122,635	6,668	148,749
Depreciation	–	4,129	16,732	828	21,689
Disposals	–	(6,209)	(3,280)	–	(9,489)
Foreign exchange difference	–	(289)	(2,508)	(107)	(2,904)
Accumulated depreciation at September 30, 2025	–	17,077	133,579	7,389	158,045
Net book value at December 31, 2024	43,834	95,147	122,174	3,422	264,577
Net book value at September 30, 2025	16,832	87,308	114,615	3,128	221,883

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 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	5,276	8,557	1,051	14,884
Addition arising on acquisition (Note 4)	707	–	–	707
Modifications and remeasurements	22,224	264	5	22,493
Amortization	(16,208)	(4,605)	(431)	(21,244)
Disposals	(250)	(374)	(5)	(629)
Foreign exchange movements	(1,686)	(396)	(48)	(2,130)
Balance at September 30, 2025	143,206	20,062	2,085	165,353

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

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

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

(in thousands of Canadian dollars)

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	5,276	8,557	1,051	14,884
Addition arising on acquisition (Note 4)	707	–	–	707
Modifications and remeasurements	22,224	264	5	22,493
Disposals	(259)	(376)	(5)	(640)
Finance costs	3,764	658	67	4,489
Lease payments	(18,564)	(5,092)	(483)	(24,139)
Foreign exchange movements	(2,262)	(160)	(50)	(2,472)
Balance at September 30, 2025	155,994	20,518	2,165	178,677
Less: current portion	(18,640)	(5,491)	(654)	(24,785)
	137,354	15,027	1,511	153,892

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

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

Contractual commitments

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

Years ending December 31	\$
Remainder 2025	8,754
2026	32,207
2027	30,499
2028	28,455
2029	23,991
Thereafter	66,654
	190,560

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

(in thousands of Canadian dollars)

10. TIMBER

	\$
Balance at December 31, 2024	45,199
Reforestation provision on harvested land	1,359
Harvested timber transferred to inventory in the period	(1,269)
Disposal	(45,289)
Balance at September 30, 2025	–

On March 31, 2025, the Company completed a sale of approximately 8,359 hectares of timberlands to Nature Conservancy of Canada ("NCC"), for gross proceeds of \$14,370. On September 29, 2025, the Company finalized the sale of its remaining timberland holdings in Southeast British Columbia to NCC, resulting in additional gross proceeds of \$60,850. Net proceeds from both transactions were applied against the Company's revolving loan facility.

Prior to these sales, the Company's private timberlands comprised an area of approximately 44,217 hectares, consisting predominantly of mixed-species softwood forests.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2025 and 2024
(in thousands of Canadian dollars)

11. INTANGIBLE ASSETS

	US operations ⁽¹⁾ \$	Value-added services \$	Total \$
Cost			
Cost at December 31, 2024	416,377	10,113	426,490
Adjustments arising on acquisition (Note 4)	(405)	–	(405)
Disposal	–	(124)	(124)
Foreign exchange difference	(13,556)	–	(13,556)
Cost at September 30, 2025	402,416	9,989	412,405
Accumulated amortization			
Accumulated amortization at December 31, 2024	109,446	6,248	115,694
Amortization	29,861	2,005	31,866
Disposals	–	(68)	(68)
Foreign exchange difference	(3,712)	–	(3,712)
Accumulated amortization at September 30, 2025	135,595	8,185	143,780
Net intangible assets at December 31, 2024	306,931	3,865	310,796
Net intangible assets at September 30, 2025	266,821	1,804	268,625

1. US operations intangible assets reflect a revision to the Doman Tucker Lumber preliminary purchase price allocation (Note 4).

12. GOODWILL

	Canadian operations \$	US operations ⁽¹⁾ \$	Value-added services \$	Total \$
Balance at December 31, 2024	62,624	429,014	35,347	526,985
Addition arising on acquisition (Note 4)	–	1,271	–	1,271
Foreign exchange difference	–	(13,936)	–	(13,936)
Balance at September 30, 2025	62,624	416,349	35,347	514,320

1. US operations goodwill includes a revision to the Doman Tucker Lumber preliminary purchase price allocation (Note 4).

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

(in thousands of Canadian dollars)

13. LOANS AND BORROWINGS

	September 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	360,532	–	360,532	365,000	359,718	–	359,718
2026 Unsecured notes ⁽²⁾	272,163	271,592	271,592	–	272,163	270,413	–	270,413
Revolving loan facility ⁽³⁾	188,445	187,034	–	187,034	346,302	344,919	–	344,919
Other	668	668	216	452	–	–	–	–
	826,276	819,826	271,808	548,018	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 nine months ended September 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 \$8,151 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.

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

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 nine-month period ended September 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.

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 September 30, 2025, was \$740 (2024 – \$521) and for the nine-month period ended September 30, 2025, was \$1,829 (2024 – \$1,678). These expenses have been included in distribution, selling and administration costs and finance costs in the unaudited Interim Condensed Consolidated Statement of Earnings.

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

(in thousands of Canadian dollars)

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

	September 30, 2025 \$	December 31, 2024 \$
Pension benefit plan	758	813
Other benefit plans	2,077	2,115
	2,835	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 September 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 September 30, 2025, was \$27 (2024 – \$7) and for the nine-month period to date was \$376 (2024 – \$105).

Employee Common Share Purchase Plan ("ECSP")

For the three months ended September 30, 2025, the Company issued 139,179 (2024 – 125,072) common shares from treasury for gross proceeds of \$1,039 (2024 – \$747), and for the nine-month period to date the Company issued 248,800 (2024 – 223,625) common shares from treasury for gross proceeds of \$1,847 (2024 – \$1,448), pursuant to the ECSP.

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

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Dividends

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

	2025			2024		
	Declared		Payment date	Declared		Payment date
	Record date	Amount \$		Record date	Amount \$	
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
Quarter 3	Sep 29, 2025	12,268	Oct 15, 2025	Sep 27, 2024	12,220	Oct 15, 2024
		36,753			36,622	
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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Loans and borrowings	16,765	10,016	53,076	30,752
Lease liabilities	1,663	1,220	4,489	3,356
Interest income and other	(1,303)	(563)	(3,634)	(1,311)
Net cash interest	17,125	10,673	53,931	32,797
Amortization of financing costs	892	1,075	2,659	2,300
Interest on net defined benefit liability	34	35	101	105
	18,051	11,783	56,691	35,202

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

(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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Leased distribution ⁽¹⁾ and treatment facilities ⁽²⁾	1,341	1,058	3,949	3,163
Purchase of product ⁽³⁾	406	424	1,628	1,663
Service fees and other ⁽⁴⁾	162	119	632	756
Professional fees and other ⁽⁵⁾	156	153	463	463

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	1,388
2026	5,704
2027	5,833
2028	5,988
2029	5,769
Thereafter	6,931
	31,613

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

(in thousands of Canadian dollars)

Payable to related parties

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

	September 30, 2025	December 31, 2024
	\$	\$
Purchase of product ⁽¹⁾	116	191
Service fees and other ⁽²⁾	9	–
Professional fees and other ⁽³⁾	197	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:

	September 30, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
2029 Unsecured Notes ⁽¹⁾	360,532	374,353	359,718	371,065
2026 Unsecured Notes ⁽²⁾	271,592	272,333	270,413	271,483
Revolving loan facility	187,034	188,445	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%.

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

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

- The fair values of cash and cash equivalents, trade and other receivables, bank indebtedness, trade and other payables and dividends payable were comparable to their carrying amounts, given the short maturity periods.
- The fair 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 and other loans approximate their carrying values as they bear interest that approximates current market rates.

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

The three levels of the fair value hierarchy are:

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

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

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

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

Contingent consideration was assumed as part of a 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 nine months ended September 30, 2025, was nominal.

The expenses resulting from financial assets and liabilities recorded in net earnings are as disclosed in Note 16.

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

(in thousands of Canadian dollars)

The following table shows, as at September 30, 2025, the Company's contractual obligations with respect to its non-derivative financial instruments, including estimated interest, within the periods indicated:

	<i>Face value</i>	Total contractual obligation⁽¹⁾	Remainder of 2025	2026-2027	2028-2029	Thereafter
	\$	\$	\$	\$	\$	\$
Unsecured notes ⁽²⁾	637,163	760,935	7,144	334,041	419,750	–
Revolving loan facility ⁽³⁾	188,445	243,306	5,358	42,515	195,433	–
Leases and other contractual commitments (Note 9)		190,560	8,754	62,706	52,446	66,654
Accounts payable and other		218,125	189,626	14,402	14,097	–
Total contractual obligations		1,412,926	210,882	453,664	681,726	66,654

1. Includes future interest obligations.

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%.

3. Interest has been calculated based on the average borrowing under the facility for the nine months ended September 30, 2025, utilizing the interest rate payable under the terms of the facility at September 30, 2025. This facility matures on April 30, 2028.

Derivative financial instruments

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

The Company held no outstanding foreign exchange contracts as at September 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.

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

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 September 20, 2025, the Company recorded an unrealized foreign exchange loss of \$3,013 (2024 – gain of \$1,820), and during the nine months ended September 30, 2025, the Company recorded an unrealized foreign exchange gain of \$8,151 (2024 – loss of \$4,206), 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.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
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As at September 30, 2025, trade accounts receivable, excluding other receivables, were as follows:

	\$
Current	287,717
Past due over 60 days	1,529
Trade receivables	289,246
Less: Allowance for doubtful accounts	(580)
	288,666

As at September 30, 2025, the maximum exposure to credit risk, including both trade and other receivables, was \$300,446 (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 nine months ended September 30, 2025, the sensitivity of a 1% increase in interest rates would result in an approximate decrease of \$795 in quarterly net earnings.

The Company did not hold any interest rate swaps during nine-month periods ended September 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 September 30, 2025, the Company had US dollar drawings under its revolving loan facility of US\$101,311 (December 31, 2024 – US\$310,330), which have been designated as a hedge against the Company's net investment in its foreign operations.

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

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As at September 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 \$41,500.

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		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Trade and other receivables	50,874	72,917	(107,207)	(64,461)
Inventories	72,164	51,714	76,659	43,229
Prepaid expenses and deposits	221	1,893	4,408	2,448
Trade and other payables	7,046	13,546	41,543	31,006
	130,305	140,070	15,403	12,222

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

(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 September 30, 2025			Three months ended September 30, 2024		
	Building Materials	Other	Total	Building Materials	Other	Total
	\$	\$	\$	\$	\$	\$
Geographic markets						
Canada	259,515	10,350	269,865	257,355	9,282	266,637
US	525,227	–	525,227	396,452	–	396,452
	784,742	10,350	795,092	653,807	9,282	663,089
Revenue categories						
Products	783,258	10,350	793,608	652,248	9,282	661,530
Services	1,484	–	1,484	1,559	–	1,559
	784,742	10,350	795,092	653,807	9,282	663,089
	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Building Materials	Other	Total	Building Materials	Other	Total
	\$	\$	\$	\$	\$	\$
Geographic markets						
Canada	740,954	24,983	765,937	767,985	26,345	794,330
US	1,709,122	–	1,709,122	1,161,068	–	1,161,068
	2,450,076	24,983	2,475,059	1,929,053	26,345	1,955,398
Revenue categories						
Products	2,445,243	24,983	2,470,226	1,924,987	26,345	1,951,332
Services	4,833	–	4,833	4,066	–	4,066
	2,450,076	24,983	2,475,059	1,929,053	26,345	1,955,398

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Certain customers elect to prepay for goods and services, for which the Company has recorded a contract liability of \$7,332 as at September 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 September 30, 2025, one customer individually accounted for revenue in excess of 10%, purchasing an aggregate of \$243,601 (2024 – \$134,370, representing one customer) and for the nine-month period to date, one customer individually accounted for revenue in excess of 10%, purchasing an aggregate of \$840,462 (2024 – \$409,562, 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.

Business segment revenues and specified expenses were as follows:

	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Building Materials \$	Other \$	Total \$	Building Materials \$	Other \$	Total \$
Revenue	784,742	10,350	795,092	653,807	9,282	663,089
Specified expenses						
Depreciation and amortization	23,379	1,639	25,018	17,395	613	18,008
Finance costs	17,872	179	18,051	11,619	164	11,783
Net earnings	14,173	3,887	18,060	14,086	481	14,567
Purchase of property, plant and equipment	8,044	539	8,583	3,527	434	3,961

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

(in thousands of Canadian dollars)

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Building Materials	Other	Total	Building Materials	Other	Total
	\$	\$	\$	\$	\$	\$
Revenue	2,450,076	24,983	2,475,059	1,929,053	26,345	1,955,398
Specified expenses						
Depreciation and amortization	71,909	2,890	74,799	51,230	1,916	53,146
Finance costs	56,171	520	56,691	34,787	415	35,202
Net earnings	62,595	6,705	69,300	45,743	180	45,923
Purchase of property, plant and equipment	14,014	707	14,721	8,561	949	9,510

Business segment long-term assets were as follows:

	September 30, 2025				December 31, 2024			
	Building Materials	Other	Percent	Total	Building Materials	Other	Percent	Total
	\$	\$	%	\$	\$	\$	%	\$
Canada	190,294	14,692	17	204,986	179,981	87,015	20	266,996
US	985,808	–	83	985,808	1,045,474	–	80	1,045,474
Long-term assets	1,176,102	14,692	100	1,190,794	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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	%	%	%	%
Construction materials	79	74	81	75
Specialty and allied	17	21	16	21
Other	4	5	3	4
	100	100	100	100

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

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.

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

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.

25. EVENTS AFTER THE FINANCIAL STATEMENT DATE

Annuity contract conversion

On October 6, 2025, the Company entered into an agreement with RBC Investor Services Trust ("RBC Trust") to convert existing annuity buy-in contracts under its defined benefit pension plan into annuity buy-out contracts, effective January 1, 2026. As of the effective date, RBC Trust will assume direct responsibility for making pension benefit payments to the affected retirees, thereby transferring the associated pension obligations from the Company. The estimated value of the settled obligation on January 1, 2026, is expected to be approximately \$27,500, which corresponds to the value of the pension assets released. The transaction is expected to have no net impact on the Company's financial position.

DOMANTM

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Trading Symbol: **DBM**