Doman Building Materials Group Ltd.
Unaudited Interim Condensed
Consolidated Financial Statements

March 31, 2022
(in thousands of Canadian dollars)

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

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

(in thousands of Canadian dollars)	Notes	As at March 31, 2022 $	As at December 31, 2021 $
Assets			
Current assets			
Cash		**5,224**	2,333
Trade and other receivables	5	**354,879**	213,132
Income taxes receivable		**5,856**	2,036
Inventories	6	**469,259**	405,667
Prepaid expenses and deposits		**15,169**	13,181
		850,387	636,349
Non-current assets			
Property, plant and equipment	7	**146,948**	151,808
Right-of-use assets	8	**146,358**	151,954
Timber	9	**47,741**	47,697
Deferred income tax assets		**3,295**	3,390
Intangible assets	10	**155,367**	162,538
Goodwill	11	**378,295**	382,370
Other assets		**1,065**	2,057
		879,069	901,814
Total assets		**1,729,456**	1,538,163
Liabilities			
Current liabilities			
Cheques issued in excess of funds on deposit		**25,877**	3,034
Trade and other payables		**186,236**	156,696
Performance bond obligations	12	**11,243**	11,233
Dividends payable	15	**12,151**	12,137
Income taxes payable		**7,491**	10,823
Current portion of loans and borrowings	13	**2,667**	3,681
Current portion of lease liabilities	8	**20,041**	20,041
		265,706	217,645
Non-current liabilities			
Loans and borrowings	13	**788,683**	665,332
Lease liabilities	8	**133,516**	138,582
Reforestation and environmental		**3,033**	3,389
Deferred income tax liabilities		**14,891**	11,723
Retirement benefit obligations	14	**2,867**	3,783
		942,990	822,809
Total liabilities		**1,208,696**	1,040,454
Equity			
Common shares	15	**583,718**	583,086
Contributed surplus		**11,351**	11,317
Foreign currency translation		**2,542**	10,747
Deficit		**(76,851)**	(107,441)
		520,760	497,709
Total liabilities and equity		**1,729,456**	1,538,163

Commitments and contingencies	8,24		

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

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

(in thousands of Canadian dollars, except per share and share amounts)	Notes	Three months ended March 31, 2022 $	2021 $
Revenue	20,21	**851,300**	519,926
Cost of sales		**718,693**	429,528
Gross margin from operations		**132,607**	90,398
Expenses			
Distribution, selling and administration		**54,508**	30,376
Depreciation and amortization	7,8,10	**16,218**	10,335
		70,726	40,711
Operating earnings		**61,881**	49,687
Finance costs	16	**8,391**	3,579
Earnings before income taxes		**53,490**	46,108
Provision for (recovery of) income taxes			
Current income tax		**8,379**	12,226
Deferred income tax (recovery)		**3,083**	(275)
		11,462	11,951
Net earnings		**42,028**	34,157
Other comprehensive (loss) income			
Exchange differences on translation of foreign operations[1]		**(8,205)**	(3,183)
Net actuarial income from pension and other benefit plans[2]		**713**	1,785
		(7,492)	(1,398)
Comprehensive earnings		**34,536**	32,759
Net earnings per share			
Basic and diluted		**0.48**	0.44
Weighted average number of shares			
Basic		**86,762,449**	77,983,764
Diluted		**86,819,691**	78,038,029

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 #	Common shares $	Contributed surplus $	Foreign currency translation $	Deficit $	Total $
As at December 31, 2021	86,694,158	583,086	11,317	10,747	(107,441)	497,709
Shares issued pursuant to:						
Employee Common Share Purchase Plan	96,034	632	-	-	-	632
Share-based compensation charged to operations		-	34	-	-	34
Dividends		-	-	-	(12,151)	(12,151)
Comprehensive (loss) earnings for the period		-	-	(8,205)	42,741	34,536
As at March 31, 2022	**86,790,192**	**583,718**	**11,351**	**2,542**	**(76,851)**	**520,760**
As at December 31, 2020	77,935,719	499,597	11,150	266	(170,430)	340,583
Shares issued pursuant to:						
Employee Common Share Purchase Plan	61,036	393	-	-	-	393
Share-based compensation charged to operations		-	34	-	-	34
Accrued dividends on unvested restricted shares		-	6	-	(6)	-
Dividends		-	-	-	(12,479)	(12,479)
Comprehensive (loss) earnings for the period		-	-	(3,183)	35,942	32,759
As at March 31, 2021	**77,996,755**	**499,990**	**11,190**	**(2,917)**	**(146,973)**	**361,290**

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

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

		Three months ended March 31,	
		2022	2021
(in thousands of Canadian dollars)	Notes	$	$
Operating activities			
Net earnings for the period		**42,028**	34,157
Items not affecting cash:			
Provision for income taxes		**11,462**	11,951
Depreciation and amortization	7,8,10	**16,218**	10,335
Other		**988**	(666)
Income taxes paid		**(15,552)**	(15,591)
Interest paid on loans and borrowings		**(1,455)**	(1,320)
Finance costs	16	**8,391**	3,579
Cash flows from operating activities before changes in non-cash working capital		**62,080**	42,445
Changes in non-cash working capital	19	**(187,126)**	(197,579)
Net cash flows used in operating activities		**(125,046)**	(155,134)
Financing activities			
Shares issued	15	**632**	393
Dividends paid	15	**(12,137)**	(9,352)
Payment of lease liabilities, including interest	8	**(6,092)**	(5,844)
Net advances on loans and borrowings		**125,528**	167,330
Net cash flows provided by financing activities		**107,931**	152,527
Investing activities			
Purchase of property, plant and equipment	7	**(2,219)**	(1,459)
Proceeds from disposition of property, plant and equipment		**63**	141
Net cash flows used in investing activities		**(2,156)**	(1,318)
Decrease in cash and cash equivalents		**(19,271)**	(3,925)
Foreign exchange difference		**(681)**	(1,958)
Cash and cash equivalents - beginning of period		**(701)**	(4,932)
Cash and cash equivalents - end of period		**(20,653)**	(10,815)

1. NATURE OF OPERATIONS

Doman Building Materials Group Ltd. (the “Company”) (formerly, “CanWel Building Materials Group Ltd.”) 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, producing and treating lumber as well as related building materials, 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, 2021.

These unaudited Interim Condensed Consolidated Financial Statements were authorized for issuance on May 3, 2022 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 International Financial Reporting 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, 2021.

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. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as disclosed in the Company's audited Annual Consolidated Financial Statements for the year ended December 31, 2021 have been consistently applied to all periods in the preparation of these unaudited Interim Condensed Consolidated Financial Statements unless otherwise stated below.

Changes in accounting standards

Effective January 1, 2022, the Company adopted IAS 37, *Provisions, contingent liabilities and contingent assets* ("IAS 37").

Amendments to IAS 37 specify which costs should be included in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparative figures are not restated.

The adoption of IAS 37 did not have an impact on these unaudited Interim Condensed Consolidated Financial Statements.

4. BUSINESS ACQUISITIONS

Hixson Acquisition

On June 4, 2021, the Company completed the acquisition of certain assets of the Hixson Lumber Sales group of companies ("Hixson") (the "Hixson Acquisition"), a leading wholesaler and manufacturer of lumber and treated lumber, operating in the Central United States.

Total purchase consideration comprised of US$408,000, on a cash-free and debt-free basis. 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 Hixson 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 Hixson'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 identifiable assets at the date of the above noted acquisition were as follows (in thousands of Canadian dollars):

	Notes	**2021**[(1)] **$**
Fair value of purchase consideration		
Cash consideration		493,802
Fair value of assets acquired		
Inventory		85,083
Property, plant and equipment	7	85,385
Intangible assets (customer lists)	10	127,928
Intangible assets (brand)	10	3,683
Right-of-use assets	8	283
Total identifiable net assets at fair value		302,362
Goodwill arising on acquisition		191,440
Assets acquired		493,802

1. The provisional purchase price allocation is preliminary and subject to change up to a period of one year from June 4, 2021, upon finalization of fair value determinations. Fair value determinations were updated during the fourth quarter of 2021, based on additional information available at that time. The Company will continue to monitor and evaluate the condition of the acquired assets and does not anticipate a material revision prior to its scheduled finalization during the second quarter of 2022.

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

From the date of the Hixson Acquisition, the acquired business contributed $901,881 of revenue and $21,328 in net earnings to the Company's consolidated results.

L.A. Lumber Acquisition

On June 22, 2021, the Company completed the acquisition of certain assets of Fontana Wood Preserving, Inc. and Fontana Wholesale Lumber, Inc. (through the Company's wholly owned subsidiary, and now doing business as, L.A. Lumber Treating, Ltd. "L.A. Lumber") (the "L.A. Lumber Acquisition").

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 acquisition.

The purchase price was allocated to inventory, property, plant and equipment, right-of-use assets and lease liabilities, and goodwill, which was primarily attributable to the expected synergies arising from the L.A. Lumber Acquisition and the expertise and reputation of the assembled management and workforce. Goodwill is expected to be deductible for US income tax purposes.

The purchase price and the impact on net earnings and revenue related to the L.A. Lumber Acquisition was not material to the Company.

(in thousands of Canadian dollars)

5. TRADE AND OTHER RECEIVABLES

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

	March 31, 2022 $	December 31, 2021 $
Trade receivables	**346,341**	202,825
Allowance for doubtful accounts	**(550)**	(991)
Net trade receivables	**345,791**	201,834
Other receivables	**9,088**	11,298
Total trade and other receivables	**354,879**	213,132

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

	March 31, 2022 $	December 31, 2021 $
Neither past due nor impaired	**330,619**	202,593
Past due but not impaired:		
Less than 1 month	**16,360**	5,134
1 to 3 months	**7,528**	4,940
3 to 6 months	**372**	465
Total trade and other receivables	**354,879**	213,132

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

	$
Balance at December 31, 2021	991
Accruals and adjustments during the period	(368)
Accounts written off	(68)
Foreign exchange difference	(5)
Balance at March 31, 2022	**550**

(in thousands of Canadian dollars)

6. INVENTORIES

	March 31, 2022 $	December 31, 2021 $
Inventories held for resale	**387,136**	335,131
Inventories held for processing	**82,123**	70,536
	469,259	405,667

At March 31, 2022, due to a recent decline in construction materials market pricing, a reserve to record inventory at the lower of cost and net realizable value was recorded in the amount of $16,455 (December 31, 2021 - $nil).

7. PROPERTY, PLANT AND EQUIPMENT

	Land $	Buildings, leasehold improvements and roads $	Machinery, automotive and other equipment $	Computer equipment and systems development $	Total $
Cost					
Cost at December 31, 2021	36,305	37,189	151,876	6,067	231,437
Additions	-	134	1,876	209	2,219
Disposals	-	-	(116)	-	(116)
Foreign exchange difference	(74)	(224)	(1,482)	(9)	(1,789)
Cost at March 31, 2022	**36,231**	**37,099**	**152,154**	**6,267**	**231,751**
Accumulated depreciation					
Accumulated depreciation at December 31, 2021	-	10,630	64,142	4,857	79,629
Depreciation	-	665	4,923	62	5,650
Disposals	-	-	(73)	-	(73)
Foreign exchange difference	-	(26)	(373)	(4)	(403)
Accumulated depreciation at March 31, 2022	**-**	**11,269**	**68,619**	**4,915**	**84,803**
Net book value at December 31, 2021	36,305	26,559	87,734	1,210	151,808
Net book value at March 31, 2022	**36,231**	**25,830**	**83,535**	**1,352**	**146,948**

(in thousands of Canadian dollars)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

Right-of-use assets

	Facilities[1] $	Machinery, automotive and other equipment[2] $	Computer equipment $	Total $
Balance at December 31, 2021	140,080	11,728	146	151,954
Additions	-	807	-	807
Modifications and remeasurements	494	-	-	494
Amortization	(4,358)	(1,182)	(33)	(5,573)
Disposals	-	(122)	-	(122)
Foreign exchange movements	(1,128)	(73)	(1)	(1,202)
Balance at March 31, 2022	**135,088**	**11,158**	**112**	**146,358**

Lease liabilities

	Facilities[1] $	Machinery, automotive and other equipment[2] $	Computer equipment $	Total $
Balance at December 31, 2021	146,275	12,202	146	158,623
Additions	-	807	-	807
Modifications and remeasurements	494	-	-	494
Disposals	-	(127)	-	(127)
Finance costs	1,009	98	1	1,108
Lease payments	(4,828)	(1,228)	(36)	(6,092)
Foreign exchange movements	(1,183)	(72)	(1)	(1,256)
Balance at March 31, 2022	141,767	11,680	110	153,557
Less: current portion	(15,373)	(4,594)	(74)	(20,041)
	126,394	**7,086**	**36**	**133,516**

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 2022	19,527
2023	24,959
2024	21,417
2025	16,345
2026	12,059
Thereafter	73,361
	167,668

9. TIMBER

	$
Balance at December 31, 2021	47,697
Reforestation provision on harvested land	93
Harvested timber transferred to inventory in the period	(400)
Change in fair value	351
Balance at March 31, 2022	**47,741**

The Company’s private timberlands comprise an area of approximately 45,983 hectares (“ha”) of land as at March 31, 2022 (2021 - 45,983 ha) with standing timber consisting of mixed-species softwood forests.

(in thousands of Canadian dollars)

10. INTANGIBLE ASSETS

	US operations $	Value-added services $	Total $
Cost			
Cost at December 31, 2021	190,740	9,989	200,729
Foreign exchange difference	(2,738)	-	(2,738)
Cost at March 31, 2022	**188,002**	**9,989**	**197,991**
Accumulated amortization			
Accumulated amortization at December 31, 2021	34,752	3,439	38,191
Amortization	4,744	251	4,995
Foreign exchange difference	(562)	-	(562)
Accumulated amortization at March 31, 2022	**38,934**	**3,690**	**42,624**
Net intangible assets at December 31, 2021	155,988	6,550	162,538
Net intangible assets at March 31, 2022	**149,068**	**6,299**	**155,367**

11. GOODWILL

	Canadian operations $	US operations $	Value-added services $	Total $
Balance at December 31, 2021	62,624	284,399	35,347	382,370
Foreign exchange difference	-	(4,075)	-	(4,075)
Balance at March 31, 2022	**62,624**	**280,324**	**35,347**	**378,295**

(in thousands of Canadian dollars)

12. PERFORMANCE BOND OBLIGATIONS

The Company assumes performance bond obligations related to certain construction projects. Proceeds temporarily received by the Company in excess of payments with respect to outstanding projects' performance bonds are outlined below.

	March 31, 2022 $	**December 31, 2021 $**
Funds received on bonding obligations[1]	**74,006**	73,619
Payments made on bonding obligations[1]	**(63,153)**	(62,799)
Receipts in excess of payments	**10,853**	10,820
Provision for loss on bonds	**390**	413
	11,243	11,233

1. Funds received and disbursed, from contract commencement to reporting date.

Activity in the Company's performance bond obligations was as follows:

	$
Balance at December 31, 2021	11,233
Net receipts on bonding obligations during the period	191
Change in provision for loss on bonds	(17)
Foreign exchange difference	(164)
Balance at March 31, 2022	**11,243**

Total gross bonding contracts on all outstanding projects at March 31, 2022 were $110,716 (December 31, 2021 - $115,433).

The Company manages risk associated with exposure to loss on these performance bond obligations through rigorous underwriting practices which include reviewing construction estimates, evaluating contractors' experience and financial condition, managing bond proceeds assigned to the Company, and obtaining security or personal guarantees from contracted parties for certain performance bond obligations.

(in thousands of Canadian dollars)

13. LOANS AND BORROWINGS

	March 31, 2022				December 31, 2021			
	Face value	Carrying amount	Current portion	Non-current portion	Face value	Carrying amount	Current portion	Non-current portion
	$	$	$	$	$	$	$	$
2023 Unsecured notes[(1)]	**60,000**	**58,945**	**-**	**58,945**	60,000	58,772	-	58,772
2026 Unsecured notes[(2)]	**325,000**	**318,503**	**-**	**318,503**	325,000	318,109	-	318,109
Revolving loan facility	**398,866**	**397,359**	**-**	**397,359**	275,576	273,931	-	273,931
Non-revolving term loan	**16,791**	**16,543**	**2,667**	**13,876**	17,458	17,187	2,667	14,520
Promissory notes	**-**	**-**	**-**	**-**	1,014	1,014	1,014	-
	800,657	**791,350**	**2,667**	**788,683**	679,048	669,013	3,681	665,332

1. Publicly traded on the TSX under the symbol DBM.NT.A. Maturity date is October 9, 2023 with interest rate of 6.375%, payable semi-annually (“2023 Unsecured Notes”).
2. Non-publicly traded, with a maturity date of May 15, 2026 and interest rate at 5.25%, payable semi-annually (“2026 Unsecured Notes”).

The terms and conditions of the revolving loan facility are consistent with those disclosed in Note 15 to the 2021 audited Annual Consolidated Financial Statements unless otherwise stated below.

The Company was not in breach of any of its covenants during the period ended March 31, 2022.

During the three months ended March 31, 2022, 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 $4,083 was recognized in Foreign currency translation in Other comprehensive income.

Private placement of senior unsecured notes

On May 10, 2021, the Company completed a private placement offering of senior unsecured notes (the “2026 Unsecured Notes”) denominated in principal amounts of one thousand dollars, resulting in gross proceeds of $325,000. The offering was underwritten by a syndicate of underwriters led by Stifel Nicolaus Canada Inc., and including National Bank Financial Inc. and RBC Dominion Securities Inc.

The 2026 Unsecured Notes accrue interest at the rate of 5.25% per annum, payable on a semi-annual basis, maturing on May 15, 2026. Cash proceeds raised from the 2026 Unsecured Notes, net of issuance costs, were used for reducing the Company’s existing loans and borrowings.

(in thousands of Canadian dollars)

Amendment of revolving loan facility

On June 4, 2021, the Company amended its existing revolving loan facility. The maximum credit available was increased from $360,000 to $500,000. The maturity date of December 6, 2024 remained unchanged.

14. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Total net benefit expense of the Company's pension and post-retirement benefit plans for the quarter ended March 31, 2022 was $429 (2021 - $407). These expenses have been included in distribution, selling and administration costs and finance costs in the unaudited Interim Condensed Consolidated Statement of Earnings.

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

	March 31, 2022	**December 31, 2021**
	$	**$**
Pension benefit plan	**963**	1,701
Other benefit plans	**1,904**	2,082
	2,867	3,783

Further information about these plans is disclosed in Note 16 to the 2021 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.

Public offering of common shares

On May 11, 2021, the Company completed a public offering of 7,500,000 common shares, by way of a short form prospectus, at a price of $10.00 each for gross proceeds of $75,000, with an underwriters' option to purchase up to an additional 1,125,000 common shares at the same price (the "Option") (collectively, the "Public Offering"). The entire Option was exercised and the aggregate gross proceeds were $86,250. The Public Offering was pursuant to a bought deal underwritten by a syndicate of underwriters led by Stifel Nicolaus Canada Inc. and National Bank Financial Inc.

Cash proceeds raised from the Public Offering, net of issuance costs, were used for reducing the Company's existing loans and borrowings.

(in thousands of Canadian dollars)

Normal Course Issuer Bid ("NCIB")

On November 24, 2021, the Company renewed its NCIB with respect to its common shares. Under the terms of the NCIB, the Company may purchase for cancellation up to an authorized number of common shares over a twelve-month period. Shares acquired will be at the market price of the shares at the time of acquisition.

Since the inception of the NCIB, the Company's NCIB activity was as follows:

Effective period	Authorized #	Repurchased #	Expired #	Remaining authorized #
November 26, 2018 - November 25, 2019	6,085,605	142,200	5,943,405	-
November 26, 2019 - November 25, 2020	5,995,340	-	5,995,340	-
November 26, 2020 - November 25, 2021	5,972,461	-	5,972,461	-
November 26, 2021 - November 25, 2022	6,825,000	-	-	6,825,000
As at March 31, 2022		**142,200**	**17,911,206**	**6,825,000**

Upon the cancellation of the common shares, the difference between the consideration paid for the repurchased shares and the average carrying value of the common shares is credited to contributed surplus.

Restricted Equity Common Share Plan ("RECSP")

As at March 31, 2022, outstanding Restricted Share Units ("RSUs") pursuant to the RECSP consisted of 57,242 units (December 31, 2021 - 57,242 units). Compensation expense in respect of RSUs for the quarter ended March 31, 2022 was $34 (2021 - $34).

Subsequent to March 31, 2022, 45,000 RSUs were converted to common shares pursuant to the RECSP.

Employee Common Share Purchase Plan ("ECSPP")

For the quarter ended March 31, 2022, the Company has issued 96,034 (2021 - 61,036) common shares from treasury for gross proceeds of $632 (2021 - $393), pursuant to the ECSPP.

(in thousands of Canadian dollars)

Dividends

The following dividends were declared and paid by the Company:

	2022				2021			
	Declared				Declared			
	Record date	Per share $	Amount $	Payment date	Record date	Per share $	Amount $	Payment date
Quarter 1	Mar 31, 2022	0.14	12,151	Apr 14, 2022	Mar 31, 2021[(1)]	0.16	12,479	Apr 15, 2021
		0.14	**12,151**			**0.16**	**12,479**	
Quarter 2					Jun 30, 2021	0.12	10,395	Jul 15, 2021
Quarter 3					Sep 30, 2021	0.12	10,402	Oct 15, 2021
Quarter 4					Dec 31, 2021	0.14	12,137	Jan 14, 2022
						0.54	**45,413**	

1. Includes the then regular quarterly dividend of $0.12 per share and a one-time special dividend of $0.04 per share

The Company is continually assessing its dividend policy in the context of overall profitability, cash flows, capital requirements, general economic conditions and other business needs. Accordingly, on November 4, 2021, the Company announced a dividend increase beginning with the dividend payable on January 14, 2022, to shareholders of record on December 31, 2021, increasing its quarterly dividend from $0.12 to $0.14 per share.

In addition to the regular quarterly dividends in 2021, the Company paid a one-time special dividend of $0.04 per share on April 15, 2021, to shareholders of record at the close of business on March 31, 2021.

16. FINANCE COSTS

Finance costs include the following:

	Three months ended March 31, 2022 $	2021 $
Loans and borrowings	**6,637**	2,245
Lease liabilities	**1,108**	1,057
Other	**(108)**	(81)
Net cash interest	**7,637**	3,221
Amortization of financing costs	**727**	321
Interest on net defined benefit liability	**27**	37
	8,391	3,579

(in thousands of Canadian dollars)

17. RELATED PARTY TRANSACTIONS

Transactions

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

	Three months ended March 31,	
	2022	**2021**
	$	**$**
Leased distribution[(1)] and treatment facilities[(2)]	**1,047**	1,042
Purchase of product[(3)]	**1,080**	900
Management fees and other[(4)]	**254**	238
Professional fees and other[(5)]	**134**	134

1. Paid to a company controlled by a member of key management personnel who is a director and officer of the Company, or a close family member of that person's family.
2. Paid to a company solely controlled by a director and officer of the Company.
3. Paid to a public company that a member of key management personnel who is a director and officer of the Company has an ownership interest in.
4. Paid to a company 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 2022	3,146
2023	4,210
2024	3,930
2025	2,455
2026	1,896
Thereafter	11,900
	27,537

(in thousands of Canadian dollars)

Payable to related parties

As at March 31, 2022, trade and other payables include amounts due to related parties as follows:

	March 31, 2022 $	December 31, 2021 $
Purchase of product(1)	**105**	219
Management fees and other(2)	**42**	37
Professional fees and other(3)	**282**	312

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:

	March 31, 2022		December 31, 2021	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
2023 Unsecured notes(1)	**58,945**	**60,360**	58,772	61,800
2026 Unsecured notes(2)	**318,503**	**299,000**	318,109	315,250
Revolving loan facility	**397,359**	**398,866**	273,931	275,576
Non-revolving term loan	**16,543**	**16,791**	17,187	17,458

1. Publicly traded on the TSX under the symbol DBM.NT.A. Maturity date is October 9, 2023 with interest rate of 6.375%.
2. Non-publicly traded, 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, trade and other receivables, cheques issued in excess of funds on deposit, trade and other payables, performance bond obligations and dividends payable were comparable to their carrying amounts, given the short maturity periods.
- The fair value of the Company's publicly traded 2023 Unsecured Notes was based on the quoted active market price at March 31, 2022 and December 31, 2021, respectively.
- The fair value of the Company's non-publicly traded 2026 Unsecured Notes was based on a price quoted by an independent investment brokerage.
- The fair values of the Company's revolving loan facility and non-revolving term loan approximate their carrying values as they bear interest at variable rates based on current market rates. The fair values have been estimated as the carrying values excluding unamortized financing costs.
- The fair values of the Company's promissory notes and 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 the Company's publicly traded 2023 Unsecured Notes, which are categorized as Level 1.

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

Derivative financial instruments

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

The Company held no outstanding foreign exchange contracts as at March 31, 2022 and December 31, 2021. 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 quarter ended March 31, 2022, the Company recorded an unrealized foreign exchange gain of $4,083 (2021 - $nil), 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.

(in thousands of Canadian dollars)

Financial assets include trade and other receivables, which are measured at amortized cost. Financial liabilities include cheques issued in excess of funds on deposit, trade and other payables, performance bond obligations, dividends payable, unsecured notes, revolving loan facility, non-revolving term loan, promissory notes, and lease liabilities. All financial liabilities are measured at amortized cost.

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

Credit risk

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

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

As at March 31, 2022, trade accounts receivable, excluding other receivables, were as follows:

	$
Current	345,579
Past due over 60 days	762
Trade receivables	346,341
Less: Allowance for doubtful accounts	(550)
	345,791

As at March 31, 2022, the maximum exposure to credit risk, including both trade and other receivables, was $354,879 (December 31, 2021 - $213,132), which represents the carrying value amount of financial instruments classified as trade and other receivables.

Interest rate risk

The Company is exposed to interest rate risk through its variable rate revolving loan facility and non-revolving term loan (Note 13). Based on the Company's average revolving loan facility and non-revolving term loan balances during the quarter ended March 31, 2022, the sensitivity of a 1% increase in interest rates would result in an approximate decrease of $638 in quarterly net earnings.

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.

(in thousands of Canadian dollars)

As at March 31, 2022 the Company had US dollar drawings under its Revolving loan facility of US$224,637 (December 31, 2021 - US$205,105), which had been designated as a hedge against the Company's net investment in its foreign operations.

As at March 31, 2022, a quarterly increase of $0.05 in the US dollar versus the Canadian dollar would have an insignificant impact on quarterly net earnings, and an increase in Other comprehensive earnings of approximately $21,720.

Liquidity risk

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

Other price risk

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

19. CHANGES IN NON-CASH WORKING CAPITAL

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

	Three months ended March 31,	
	2022	**2021**
	$	**$**
Trade and other receivables	**(145,163)**	(144,231)
Inventories	**(67,337)**	(62,548)
Prepaid expenses and deposits	**(2,172)**	(268)
Trade and other payables	**26,750**	9,889
Performance bond obligations	**796**	(421)
	(187,126)	(197,579)

(in thousands of Canadian dollars)

20. REVENUE

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

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Building Materials $	**Others $**	**Total $**	**Building Materials $**	**Others $**	**Total $**
Geographic markets						
Canada	305,585	7,348	**312,933**	344,677	8,345	353,022
US	537,135	1,232	**538,367**	165,148	1,756	166,904
	842,720	8,580	**851,300**	509,825	10,101	519,926
Revenue categories						
Products	842,683	8,580	**851,263**	509,805	10,101	519,906
Services	37	-	**37**	20	-	20
	842,720	8,580	**851,300**	509,825	10,101	519,926

Certain customers elect to prepay for goods and services, for which the Company has recorded a contract liability of $4,565 as at March 31, 2022 (December 31, 2021 - $7,034), 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.

The Company has sold products to certain customers who each contribute greater than 10% of its revenues. During the quarter ended March 31, 2022, one customer individually accounted for revenues in excess of 10%, purchasing an aggregate of $258,575 (2021 - $180,552 representing two customers).

21. SEGMENTED INFORMATION

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

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

(in thousands of Canadian dollars)

Business segment revenues and specified expenses were as follows:

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Building Materials $	Others $	Total $	Building Materials $	Others $	Total $
Revenue	842,720	8,580	**851,300**	509,825	10,101	**519,926**
Specified expenses						
Depreciation and amortization	15,409	809	**16,218**	8,390	1,945	**10,335**
Finance costs	8,183	208	**8,391**	3,204	375	**3,579**
Net earnings (loss)	41,017	1,011	**42,028**	34,751	(594)	**34,157**
Purchase of property, plant and equipment	2,048	171	**2,219**	1,300	159	**1,459**

Business segment long-term assets were as follows:

	March 31, 2022				December 31, 2021			
	Building Materials $	Others $	Percent %	Total $	Building Materials $	Others $	Percent %	Total $
Canada	175,699	97,040	31	**272,739**	177,847	97,336	31	**275,183**
US	606,330	-	69	**606,330**	626,631	-	69	**626,631**
Long-term assets	782,029	97,040	100	**879,069**	804,478	97,336	100	**901,814**

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

	Three months ended March 31, 2022 %	2021 %
Construction materials	**81**	72
Specialty and allied	**16**	23
Other	**3**	5
	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 and cumulative dividends on shares, 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 free cash flow earned and 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.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

Corporate Information

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Trading Symbols:

DBM, DBM.NT.A