

NEWS RELEASE: Via
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Hardwoods Distribution Inc.
TRADING SYMBOL: **Toronto Stock Exchange - HDI**

HDI Completes Acquisition of Pacific Mutual Door and Closes on the Amended US Credit Facility

Langley, B.C., October 28, 2019 / CNW/ - Hardwoods Distribution Inc. (“HDI” or the “Company”) (TSX: HDI) today announced the completion of its previously announced acquisition of substantially all of the assets, and assumption of certain liabilities, of Pacific Mutual Door Company (“Pacific”) (the “Transaction”). The effective date of the closing of the Transaction is October 28, 2019.

“We are pleased to welcome the employees of Pacific to HDI”, said Rob Brown, President and Chief Executive Officer of HDI. “This strategic acquisition brings with it a highly profitable business model, and increases our existing presence in the attractive door and related millwork product category.”

The Transaction was completed for a purchase price of US\$34.5 million and other consideration, subject to final working capital adjustments. The Company’s amended credit facility was used to satisfy the purchase price.

“Our balance sheet continues to be responsibly managed and, together with our amended credit facility, allows us to continue meeting our capital allocation priorities including executing on our pipeline of acquisition opportunities, and returning value to shareholders in the form of dividends and share repurchases,” commented Mr. Brown.

About HDI

HDI is North America’s largest wholesale distributor of architectural grade building products to the residential and commercial construction sectors. The Company operates a North American network of 67 distribution centres, as well as one sawmill and kiln drying operation.

Forward-Looking Statements

Certain statements in this news release may constitute “forward-looking information” within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information in this news release includes, without limitation, statements with respect to: continue meeting our capital allocation priorities including executing on our pipeline of acquisition opportunities, and returning value to shareholders in the form of dividends and share re-purchases. Actual events or results may differ materially.

The forward-looking information in this news release are based on assumptions which include, but are not limited to: no undisclosed liabilities associated with the Transaction; there are no material exchange rate fluctuations between the Canadian and US dollar that affect the Company's performance; the general state of the economy does not worsen; the Company and Pacific do not lose any key personnel; there are no decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods that harm the Company's business; the Company does not incur material losses related to credit provided to its customers; the Company's products are not subjected to negative trade outcomes; the Company is able to sustain its level of sales and earnings margins; the Company is able to grow its business long term and to manage its growth; the Company is able to integrate acquired businesses; there is no new competition in the markets in which the Company operates that lead to reduced sales and profitability; the Company can comply with existing regulations and will not become subject to more stringent regulations; no material product liability claims; importation of products manufactured with hardwood lumber or sheet goods does not increase and replace products manufactured in North America; the Company's management information systems upon which it is dependent are not impaired; and, the Company's insurance is sufficient to cover losses that may occur as a result of its operations.

The forward-looking information in this news release are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: potential undisclosed liabilities associated with the Transaction; exchange rate fluctuations between the Canadian and US dollar could affect the Company's performance; the Company's results are dependent upon the general state of the economy; the Company depends on key personnel, the loss of which could harm its business; decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods could harm the Company's business; the Company may incur losses related to credit provided to the Company's customers; the Company's products may be subject to negative trade outcomes; the Company may not be able to sustain its current level of sales or earnings margins; the Company may be unable to grow its business long term or to manage any growth; the Company may be unable to integrate acquired businesses; competition in the Company's markets may lead to reduced sales and profitability; the Company may fail to comply with existing regulations or become subject to more stringent regulations; product liability claims could affect the Company's sales, profitability and reputation; importation of products manufactured with hardwood lumber or sheet goods may increase, and replace products manufactured in North America; the Company is dependent upon its management information systems; the Company's insurance may be insufficient to cover losses that may occur as a result of the Company's operations; the Company's credit facilities affect its liquidity, contain restrictions on the Company's ability to borrow funds, and impose restrictions on distributions that can be made by certain subsidiaries of the Company; the market price of the Company's common shares will fluctuate; and there is a possibility of dilution of the Company's existing shareholders. More information about the risks and uncertainties affecting HDI's business can be found in the "Risk Factors" section of its Annual Information Form dated March 14, 2019 which is available under the HDI's profile on SEDAR at www.sedar.com.

Although HDI has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking or information in this news release, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of HDI. Accordingly, readers should not place undue reliance

on forward-looking information in this news release. The forward-looking information is made as of the date of this news release, and HDI assumes no obligation to publicly update or revise such forward-looking information to reflect new information, subsequent or otherwise, except as may be required by applicable securities law. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

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