

HDI Completes Acquisition of Novo Building Products Holdings, LLC and Closes the New Credit Facility

Expected to be over 30% accretive to earnings per share on a pro forma basis

Langley, B.C., August 3, 2021 - Hardwoods Distribution Inc. (“**HDI**” or the “**Company**”) (TSX: HDI) today announced the completion of its previously announced acquisition (the “**Acquisition**”) of the equity interests in Novo Building Products Holdings, LLC (“**Novo**”). The Acquisition was completed for a purchase price of U.S.\$302 million and had an effective closing date of July 30, 2021.

“This is a transformative acquisition for the Company,” said Rob Brown, President and Chief Executive Officer of HDI. “Novo significantly broadens our addressable market, providing turnkey access into the home center and home builder distribution customer segments. We believe the combined scale and sophistication of HDI and Novo creates a national platform to provide additional solutions to our customers, and allows us to capitalize on the market share opportunity available. The multi-year outlook for our products and the end markets we participate in is very attractive, with strong demand driving new residential, repair and remodel and commercial building expenditures. Millennials represent the largest demographic segment of the population and are now entering peak home buying years, complemented by historically low interest rates and rising home equity levels that support spending. We see significant growth opportunities ahead as we continue to build HDI as a world class distributor of architectural building products for the benefit of our customers, vendor partners, employees and shareholders.”

In connection with the closing of the Acquisition, HDI closed on a new credit facility with its existing lender Bank of America, N.A. (the “**Lender**”). This senior secured facility was increased to U.S.\$600 million (the “**New Credit Facility**”) from the previously announced U.S.\$525 million given strong demand from the syndicate of underwriters. The New Credit Facility was used to refinance the outstanding debt of certain of the Company’s subsidiaries and fund the purchase price for Novo. The New Credit Facility consists of (i) a revolving credit facility of US\$225 million which can be drawn upon in U.S. dollars and Canadian dollars, and (ii) a term loan of US\$375 million. The New Credit Facility bears interest at a rate equal to LIBOR plus up to 2.25% or the base rate of interest charged by the Lender from time to time plus 1.0%. The LIBOR and Base Rate margins for the New Credit Facility are subject to performance pricing adjustments, from time to time, based on the Company’s then applicable leverage ratio.

About HDI

HDI is one of North America’s largest distributors of architectural grade building and millwork products to the residential, repair and remodel, and commercial construction industries. The Company currently operates a network in North America of 84 distribution facilities.

Forward-Looking Statements

Certain statements in this news release may constitute “forward-looking information” or “financial outlook” 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 and financial outlook. Forward-looking information and financial outlook are 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 our belief that the combined scale and sophistication of HDI and Novo creates a national platform to provide additional solutions to our customers, and allows us to capitalize on the market share opportunity available; that the multi-year outlook for our products and the end markets we participate in is very attractive, with strong demand driving new residential, repair and remodel and commercial building expenditures; millennials represent the largest

demographic segment of the population and are now entering peak home buying years, complemented by historically low interest rates and rising home equity levels that support spending; we see significant growth opportunities ahead as we continue to build HDI as a world class distributor of architectural building products for the benefit of our customers, vendor partners, employees and shareholders. Actual events or results may differ materially.

The forecasts and projections that make up the forward-looking information and financial outlook in this news release are based on assumptions which include, but are not limited to: the Company realizing the expected benefits and synergies of the Acquisition; no undisclosed liabilities associated with the Acquisition; no material adverse changes occur in respect of the acquired assets subsequent to completion of the Acquisition; the Company can comply with the restrictive conditions required by the New Credit Facility; the financial impact of the Acquisition is as currently expected by management; the Company and Novo do not lose any key personnel; there are no decreases in the supply of, demand for, or market values of products that harm the Company or Novo's business; the Company does not incur material losses related to credit provided to its customers; 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, including Novo; 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; the Company is not adversely impacted by disruptive technologies; an outbreak or escalation of a contagious disease does not adversely affect the Company's business; and, the Company's insurance is sufficient to cover losses that may occur as a result of its operations.

The forward-looking information and financial outlook in this news release is 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: the actual impacts of the Acquisition on the Company's earnings per share, free cash flow and Leverage Ratio may not be in line with management's expectations; the Company may not be able to reduce its leverage levels by the amount or at the time desired, or at all; the Acquisition may not be immediately accretive to earnings per share; potential undisclosed liabilities associated with the Acquisition; the New Credit Facility will be subject to certain restrictive conditions that limit the discretion of management; 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; disruptive technologies could lead to reduced revenues or a change in our business model; 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; an outbreak or escalation of a contagious disease may adversely affect the Company's business; and, 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. 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 11, 2021 which is available under the HDI's profile on SEDAR at www.sedar.com.

To the extent any forward-looking information or statements in this news release constitute a "financial outlook" within the meaning of securities laws, such information is being provided to demonstrate the potential benefits of the Acquisition and management's estimate of the future financial performance of Novo,

and readers are cautioned that this information may not be appropriate for any other purpose and that they should not place undue reliance on such information.

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 statements or information or financial outlook 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 statements or 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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