NEWS RELEASE

ADENTRA Announces Strong Second Quarter 2025 Results

2025-08-06

Second quarter 2025 sales of US$597.1 million

LANGLEY, BC, Aug. 6, 2025 /CNW/ - ADENTRA Inc. ("ADENTRA" or the "Company") today announced financial results for the three and six months ended June 30, 2025. ADENTRA is one of North America's largest distributors of architectural building products to the residential, repair and remodel, and commercial construction markets. We currently operate a network of 85 facilities in the United States and Canada. All amounts are shown in United States dollars ("US $" or "$"), unless otherwise noted.

Financial Highlights (as compared to Q2 2024 unless otherwise noted)

- Total sales increased to $597.1 million (C$826.5 million), up $47.6 million, or 8.7%, from $549.5 million (C$751.9 million)
- Gross margin percentage increased slightly to 21.8%, from 21.7%
- Operating expenses decreased by $3.6 million, or 3.9%
- Basic earnings per share increased to $0.89 (C$1.23), from $0.74 (C$1.01) per share
- Adjusted basic earnings per share of $0.88 (C$1.22), compared to $1.03 (C$1.41) per share
- Adjusted EBITDA increased to $54.3 million (C$75.1 million), up 12.0% from $48.5 million (C$66.3 million)
- Cash flow provided by operating activities of $33.9 million, as compared to $23.8 million in the prior-year period
- Effectively deployed capital in Q2 2025, returning $2.7 million in cash to shareholders via dividends and $8.5 million via share repurchases
- Declared a dividend on August 6, 2025 of C$0.15 per share, to shareholders of record as at October 20, 2025, to be paid on October 31, 2025

"We delivered strong results in the second quarter, demonstrating the resilience of ADENTRA's business model in a challenging environment," said Rob Brown, President and CEO of ADENTRA. "Our positive results included second quarter sales of $597.1 million, Adjusted EBITDA of $54.3 million, and Adjusted earnings per share of $0.88, which we achieved against a backdrop of softer construction markets."

"Our 8.7% year-over-year sales growth reflects the positive impact of our July 2024 acquisition of Woolf Distributing, backed by our success in maintaining a steady organic sales pace. Continued strong operational execution also resulted in a gross margin percentage of 21.8%, slightly bettering the 21.7% we achieved in the same period last year, and the 21.6% generated in Q1 2025."

"Our second quarter performance translated into cash flow from operations of $33.9 million, which we used to reduce debt and return $11.2 million of capital to shareholders through dividends and opportunistic share repurchases. From March 17, 2025 to June 30, 2025, we repurchased 2% of our outstanding shares at an average price of C$27, providing significant accretion for our shareholders."

"Moving into the second half of 2025, we anticipate strong cash generation driven by planned inventory reduction and cash flows from operations. Our capital allocation priorities will continue to focus on reducing leverage and further strengthening our balance sheet, positioning us to execute on acquisitions and our other key strategic priorities in 2026. We remain firmly committed to our full-cycle performance framework, which emphasizes disciplined execution, double-digit capital returns, and long-term sustainable earnings-per-share growth, " added Mr. Brown.

Tariffs

Country Tariffs

As of August 6, 2025, we estimate 14% of our product mix will be subject to country-specific tariffs, at an average tariff rate of 16%.

Product Tariffs

The US Department of Commerce's ("Commerce") Section 232 (S232) investigation into the US national security implications of timber, lumber, and derivative product imports ("Wood Products") is ongoing. Initiated on March 10, 2025, Commerce has until December 5, 2025, to make a Wood Products tariff recommendation to the President, though this could happen sooner. Currently Wood Products are understood to be excluded from country-specific tariffs discussed above. If S232 tariffs are imposed on Wood Products this could affect up to an additional 20% of our product mix.

Countervailing Duties (CVD) and Anti-Dumping (AD)

In Q2 2025, Commerce completed its review of certain hardwood plywood products from Vietnam, which were alleged to be circumventing existing CVD and AD orders against Chinese hardwood plywood. The review's outcome was favorable for us, as it removed the circumventing designation and associated duties on products we had imported. Consequently, we expect a refund of $23.9 million in previously paid duties, now included in accounts receivable. Additionally, we recovered $9.7 million in operating expenses, net of costs, related to these duties.

Also in the second quarter of 2025, Commerce initiated new CVD and AD investigations on hardwood and decorative plywood imports from China, Indonesia, and Vietnam into the US. The results of these investigations are uncertain, with final determinations expected as early as October 2025 for CVD and January 2026 for AD, though these dates may be extended. We estimate that 6% of our supply chain could be affected by these investigations. We do not anticipate that the outcome of this investigation will materially affect our supply chain or result in duty liabilities for the Company.

Response

We are well-prepared to manage tariff impacts. Our price pass-through model allows us to offset increased product costs, including those related to tariffs, by adjusting selling prices. This approach has helped us maintain consistent gross margins and generate additional gross profit during periods of rising product costs. Our global sourcing network spans over 30 countries, providing diverse product options if rates vary by country. As a key partner for our US vendors, which represents the majority of our sourcing, we also have a strong domestic supply if customers prefer US products over imported ones.

In the event that tariff-related price increases reduce consumer demand, we can adjust inventories and preserve cash flow. During economic slowdowns, we release working capital and pay down debt. We believe that any short-term reduction in home building will only worsen the existing housing shortage in the US, ultimately boosting future demand for our products.

Outlook

While we recognize the strength of our second-quarter performance, we are approaching the near-term outlook with measured caution. Persistently high US mortgage rates and limited housing inventory continue to pose affordability hurdles for prospective buyers. Additionally, the intensifying trade tensions between the US and major global partners have heightened economic uncertainty and raised the risk of renewed inflationary pressures. Notably, our average daily sales in July are tracking approximately 4% below the Q2 2025 average.

Despite our prudent short-term stance, we remain optimistic about the long-term trajectory of the residential construction sector. This confidence is underpinned by enduring structural undersupply, favorable demographic trends, and an aging housing stock. We continue to prioritize operational discipline and the consistent execution of our proven strategy, leveraging our extensive experience in navigating diverse economic cycles. Our broad product portfolio, national footprint, and strong supplier partnerships further enhance our ability to adapt and perform in a dynamic environment.

Moving forward, we will continue to advance our strategic priorities within our full-cycle value creation framework. We are targeting double-digit returns and accretive growth through a combination of platform efficiency, organic growth initiatives, and tightly managed consolidation of our fragmented market.

Q2 2025 Investor Call

ADENTRA will hold an investor call on Thursday, August 7, 2025 at 8:00 am Pacific (11:00 am Eastern). Participants should dial 1-888-510-2154 or (437) 900-0527 (GTA) at least five minutes before the call begins. A replay will be available through August 14, 2025 by calling toll free 1-888-660-6345 or (289) 819-1450 (GTA), followed by passcode 22564 #.

Summary of Results

	Three months ended June 30 2025	Three months ended June 30 2024	Six months ended June 30 2025	Six months ended June 30 2024
Total sales	$ 597,133	$ 549,492	$ 1,139,638	$ 1,084,630
Sales in the US	551,596	504,633	1,052,795	997,103
Sales in Canada (CAD$)	63,078	61,388	122,360	118,930
Gross margin	130,090	119,218	247,067	237,452
Gross margin %	21.8 %	21.7 %	21.7 %	21.9 %
Operating expenses	(88,585)	(92,219)	(188,530)	(186,054)
Income from operations	$ 41,505	$ 26,999	$ 58,537	$ 51,398
Add: Depreciation and amortization	21,290	17,965	41,755	36,294
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	$ 62,795	$ 44,964	$ 100,292	$ 87,692
EBITDA as a % of revenue	10.5 %	8.2 %	8.8 %	8.1 %
Add (deduct):				
Depreciation and amortization	(21,290)	(17,965)	(41,755)	(36,294)
Net finance expense	(13,941)	(10,418)	(25,209)	(21,496)
Income tax (expense)/recovery	(5,457)	435	(7,101)	(2,215)
Net income for the period	$ 22,107	$ 17,016	$ 26,227	$ 27,687
Basic earnings per share	$ 0.89	$ 0.74	$ 1.05	$ 1.22
Diluted earnings per share	$ 0.88	$ 0.73	$ 1.04	$ 1.20
Average US dollar exchange rate for one Canadian dollar	$ 0.722	$ 0.731	$ 0.710	$ 0.736

Analysis of Specific Items Affecting Comparability (in thousands of Canadian dollars)

	Three months ended June 30 2025	Three months ended June 30 2024(1)	Six months ended June 30 2025	Six months ended June 30 2024(1)
Earnings before interest, taxes, depreciation and amortization ("EBITDA"), per table above	$ 62,795	$ 44,964	$ 100,292	$ 87,692
LTIP expense	1,232	3,517	3,702	6,341
Trade duties, net recovery	(9,732)	—	(9,732)	—
Adjusted EBITDA	$ 54,295	$ 48,481	$ 94,262	$ 94,033
Adjusted EBITDA as a % of revenue	9.1 %	8.8 %	8.3 %	8.7 %
Net income for the period, as reported	$ 22,107	$ 17,016	$ 26,227	$ 27,687
Adjustments:				
LTIP expense	1,232	3,517	3,702	6,341
Trade duties net recovery	(9,732)	—	(9,732)	—
Foreign exchange loss/(gain)	1,505	(250)	1,462	35
Amortization of acquired intangible assets	6,731	5,526	13,462	11,053
Tax impact of above adjustments	72	(2,330)	(2,446)	(4,619)
Adjusted net income for the period	$ 21,915	$ 23,479	$ 32,675	$ 40,497

Basic earnings per share, as reported	$	0.89	$	0.74	$	1.05	$	1.22
Net impact of above items per share		(0.01)		0.29		0.26		0.57
Adjusted basic earnings per share	$	0.88	$	1.03	$	1.31	$	1.79
Diluted earnings per share, as reported	$	0.88	$	0.73	$	1.04	$	1.20
Net impact of above items per share		(0.01)		0.29		0.25		0.57
Adjusted diluted earnings per share	$	0.87	$	1.02	$	1.29	$	1.77
(1) Prior year comparative figures have been adjusted to add back foreign exchange (gain) loss and LTIP tax deductibility to conform with current year presentation.								

Results from Operations - Three Months Ended June 30, 2025

For the three months ended June 30, 2025, total sales increased by $47.6 million to $597.1 million, from $549.5 million in Q2 2024. The 8.7% year-over-year sales increase was primarily driven by our acquired Woolf operations. Organic sales remained flat as compared to Q2 2024, with product price appreciation of 2.3% offset by lower volumes. The impact of foreign exchange fluctuations in the Canadian dollar were not significant this quarter.

In our US operations, second quarter sales grew by $47.0 million, or 9.3%, to $551.6 million, from $504.6 million in the same period last year. This increase was driven by a $48.6 million contribution from the acquired Woolf business, partially offset by a $1.7 million decrease in organic sales. Our organic sales performance reflects product price appreciation of 1.9%, offset by lower volumes of 2.2%.

In Canada, second quarter sales rose by C$1.7 million, or 2.8%, to C$63.1 million as compared to Q2 2024. The year-over-year improvement in Canadian sales was driven by a 3.6% increase in product prices, partially offset by a 0.8% decrease in sales volumes.

Second quarter gross margin grew to $130.1 million, an increase of $10.9 million, or 9.1%, from the same period in 2024. The year-over-year improvement was primarily driven by sales growth related to the Woolf acquisition, and also reflects a slightly higher gross margin percentage of 21.8%, compared to 21.7% in Q2 2024.

For the three months ended June 30, 2025, operating expenses decreased to $88.6 million, from $92.2 million in Q2 2024. This $3.6 million, or 3.9%, improvement was mainly driven by the net recovery of $9.7 million in trade duties (discussed further in Tariffs section above). This was partially offset by $5.5 million of additional operating expense related to the acquired Woolf business, together with a $0.6 million increase in organic operating expenses.

For the three months ended June 30, 2025, depreciation and amortization increased to $21.3 million, from $18.0 million in Q2 2024. This $3.3 million increase reflects a $2.1 million rise in depreciation primarily related to leased premises, and a $1.2 million increase of amortization of acquired intangible assets due to the Woolf acquisition.

Included in depreciation and amortization in the second quarter is $6.7 million related to acquired intangible assets, compared to $5.5 million in Q2 2024.

For the three months ended June 30, 2025, net finance expense increased by $3.5 million to $13.9 million, from $10.4 million in the same period in 2024. The year-over-year change was primarily due to a $1.3 million increase in the accretion of lease obligations, mainly related to leased premises, together with a $1.8 million unrealized foreign exchange loss on intercompany loans denominated in foreign currencies. The remaining $0.4 million increase in net finance expense is largely due to higher interest costs associated with external debt financing.

For the three months ended June 30, 2025, income tax expense was $5.5 million, representing an effective tax rate of approximately 19.8%, as compared to 2.6% in Q2 2024. The year-over-year increase in the effective tax rate is primarily due to a $4.3 million deferred tax asset recognized in Q2 2024 related to the anticipated utilization of operating loss carryforwards. In Q2 2025, our effective tax rate remains below the substantively enacted statutory rate of approximately 27.5%, primarily due to a true-up related to finalizing our 2024 Canadian tax returns.

Second quarter Adjusted EBITDA grew to $54.3 million, from $48.5 million in Q2 2024. The $5.8 million, or 12.0%, improvement reflects the $10.9 million increase in gross margin and the $5.1 million increase in operating expenses (before changes in depreciation and amortization, net recovery of trade duties, and LTIP expense).

Net income increased to $22.1 million (basic earnings per share of $0.89) in the second quarter of 2025, from $17.0 million (basic earnings per share of $0.74) in Q2 2024. The $5.1 million, or 29.9%, year-over-year improvement reflects the $17.8 million increase in EBITDA, which included a $9.7 million net recovery of trade duties, partially offset by the $3.3 million increase in depreciation and amortization, the $3.5 million increase in net finance expense, and the $5.9 million increase in income tax expense.

Second quarter adjusted net income was $21.9 million, a decrease of 6.7% from $23.5 million in the same period in 2024. Despite higher operating income, excluding the net recovery of trade duties, adjusted net income declined driven by the higher interest and income tax expense as explained above. Adjusted basic earnings per share for Q2 2025 were $0.88, compared to $1.03 in Q2 2024.

Results from Operations - Six Months Ended June 30, 2025

For the six months ended June 30, 2025, total sales increased to $1.14 billion, up $55.0 million or 5.1%, from $1.08 billion in the first half of 2024. This growth primarily reflects $80.5 million of acquisition-based revenue from the acquired Woolf business, representing a 7.4% sales increase. This was partially offset by a $22.3 million, or 2.1%, decline in organic sales which consisted of an increase of 0.9% related to product price appreciation and decrease of 2.9% related to lower sales volumes. Foreign exchange fluctuations in the Canadian dollar negatively impacted sales by an additional $3.2 million.

During the first half of 2025, our US operations increased sales to $1.05 billion, from $1.00 billion in the same period last year. This 5.6% sales increase reflects the $80.5 million revenue contribution from the acquired Woolf operations, partially offset by a $24.8 million, or 2.5%, year-over-year decrease in organic sales. Included in the organic sales result is a decrease in sales volumes of 3.2% and product price appreciation of 0.7%.

In Canada, sales grew to C$122.4 million in the first half of 2025, up C$3.4 million, or 2.9%, from the same period in 2024. The year-over-year increase primarily reflects higher product prices.

Gross margin for the six months ended June 30, 2025 increased to $247.1 million, up $9.6 million, or 4.0%, from the same period in 2024. This improvement was primarily driven by the higher sales, partially offset by a slightly lower gross margin percentage of 21.7% compared to 21.9% in the first half of 2024.

For the six months ended June 30, 2025, operating expenses totaled $188.5 million, compared to $186.1 million in the same period of 2024. The $2.5 million, or 1.3% increase, reflects $10.4 million of incremental operating expenses related to the Woolf acquisition, a $1.3 million increase in premise-related costs, and $1.8 million in higher depreciation, mainly related to leased premises. These increases were partially offset by a $9.7 million net recovery of trade duties (as discussed in Tariffs section above), with the remaining variance attributable to reductions in other expense categories.

For the six months ended June 30, 2025, depreciation and amortization increased to $41.8 million, from $36.3 million in the same period in 2024. The $5.5 million period-over-period increase reflects $3.0 million in higher depreciation of leased premises, and $2.5 million attributable to the amortization of acquired intangible assets related to the acquisition of the Woolf business.

Included in depreciation and amortization in the second half of the year is $13.5 million related to acquired intangible assets, compared to $11.1 million in the same period in 2024.

For the six months ended June 30, 2025, net finance expense increased by $3.7 million to $25.2 million, from $21.5 million in the first half of 2024. This was primarily driven by a $2.1 million increase in the accretion of lease obligations, largely related to leased premises, and a $1.4 million unrealized foreign exchange loss on intercompany loans denominated in foreign currencies. The remaining $0.2 million increase mainly reflects higher interest costs on external debt financing.

For the six months ended June 30, 2025, income tax expense was $7.1 million, up from $2.2 million in the first half of 2024. This equates to an effective tax rate 21.3% in the current period, up from 7.4% in the prior year. The lower effective tax rate in 2024 reflected the recognition of non-capital losses, as described in section 2.1. Our current year effective tax rate remains below the substantively enacted statutory rate, as further described in section 2.1.

For the six months ended June 30, 2025, we generated Adjusted EBITDA of $94.3 million, a modest increase of $0.2 million or 0.2%, from $94.0 million in the same period in 2024. The year-over-year improvement was primarily driven by a $9.6 million increase in gross margin, partially offset by a $9.4 million increase in operating expenses (before changes in depreciation and amortization, LTIP expense and net recovery of trade duties).

Net income for the six months ended June 30, 2025 was $26.2 million, a decrease of 5.3% from $27.7 million in the same period last year. Basic earnings per share declined to $1.05 from $1.22. The $1.5 million reduction in net income was primarily driven by a $5.5 million increase in depreciation and amortization expense, a $3.7 million increase in net finance expense, and a $4.9 million increase in income tax expense. These impacts were partially offset by the $12.6 million improvement in EBITDA.

Adjusted net income in the first six months of 2025 was $32.7 million, a decrease of 19.3% from $40.5 million in the prior-year period. Adjusted basic earnings per share were $1.31, compared to $1.79 in the same period in 2024, a decrease of 26.8%.

About ADENTRA

ADENTRA is one of North America's largest distributors of architectural building products to the residential, repair and remodel, and commercial construction markets. The Company operates a network of 85 facilities in the United States and Canada. ADENTRA's common shares are listed on the Toronto Stock Exchange under the symbol ADEN.

Non-GAAP and other Financial Measures

In this news release, reference is made to the following non-GAAP financial measures:

- "Adjusted EBITDA" is EBITDA before long term incentive plan ("LTIP") expense and net recovery of trade duties. We believe Adjusted EBITDA is a useful supplemental measure for investors, and is used by management, for evaluating our ability to meet debt service requirements and fund organic and inorganic growth, and as an indicator of relative operating performance.
- "Adjusted net income" is net income before LTIP expense, net recovery of trade duties, foreign exchange gain (loss), and amortization of intangible assets acquired in connection with an acquisition. We believe adjusted net income is a useful supplemental measure for investors, and is used by management to assist in evaluating our profitability, our ability to meet debt service and capital expenditure requirements, our ability to generate cash flow from operations, and as an indicator of relative operating performance.
- "EBITDA" is earnings before interest, income taxes, depreciation and amortization, where interest is defined as net finance income (expense) as per the consolidated statement of comprehensive income. We believe EBITDA is a useful supplemental measure for investors, and is used by management to assist in evaluating our ability to meet debt service requirements and fund organic and inorganic growth, and as an indicator of relative operating performance.
- "Organic sales" consists of quantifying the change in total sales as either related to organic or acquisition-based, or the impact of foreign exchange. Total sales earned by acquired companies in the first 12 months following an acquisition is reported as acquisition-based growth and thereafter as organic sales. Organic sales excludes the impact of acquisitions and foreign exchange impact related to the translation of Canadian sales to US dollars. From time to time, we also quantify the impacts of certain unusual events to organic sales to provide useful information to investors to help better understand our financial results.

- "Working capital" is receivables and investments, inventories, and prepaid expenses, partially offset by short-term credit provided by suppliers in the form of accounts payable and accrued liabilities. We believe working capital is a useful indicator for investors, and is used by management to evaluate the oper

In this news release, reference is also made to the following non-GAAP ratios: "adjusted basic earnings per share", "adjusted diluted earnings per share", and "Adjusted EBITDA margin". For a description of the composition of each non-GAAP ratio and how each non-GAAP ratio provides useful information to investors and is used by management, see "Non-GAAP and Other Financial Measures" in the Company's management's discussion and analysis for the quarter ended June 30, 2025 (which is incorporated by reference herein).

Such non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. For a reconciliation between non-GAAP measures and non-GAAP ratios and the most directly comparable financial measure in our financial statements, please refer to the "Summary of Results".

Forward-Looking Statements

Certain statements in this press release contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

Forward-looking information is included, but not limited to: Moving into the second half of 2025, we anticipate strong cash generation driven by planned inventory reduction and cash flows from operations; Our capital allocation priorities will continue to focus on reducing leverage and further strengthening our balance sheet, positioning us to execute on acquisitions and our other key strategic priorities in 2026; We remain firmly committed to our full-cycle performance framework, which emphasizes disciplined execution, double-digit capital returns, and long-term sustainable earnings-per-share growth; As of August 6, 2025, we estimate 14% of our product mix will be subject to country-specific tariffs, at an average tariff rate of 16%; The US Department of Commerce's ("Commerce") Section 232 (S232) investigation into the US national security implications of timber, lumber, and derivative product imports ("Wood Products") is ongoing; Initiated on March 10, 2025, Commerce has until December 5, 2025, to make a Wood Products tariff recommendation to the President, though this could happen sooner; Currently Wood Products are understood to be excluded from country-specific tariffs discussed above; If S232 tariffs are imposed on Wood Products this could affect up to an additional 20% of our product mix; Commerce initiated new CVD and AD investigations on hardwood and decorative plywood imports from China, Indonesia, and Vietnam into the US; The results of these investigations are uncertain, with final determinations expected as early as October 2025 for CVD and January 2026 for AD, though these dates may be extended; We estimate that 6% of our supply chain could be affected by these investigations; We do not anticipate that the outcome of this investigation will materially affect our supply chain or result in duty liabilities for the Company; We are well-prepared to manage tariff impact; Our price pass-through model allows us to offset increased product costs, including those related to tariffs, by adjusting selling prices; In the event that tariff-related price increases reduce consumer demand, we can adjust inventories and preserve cash flow; During economic slowdowns, we release working capital and pay down debt; We believe that any short-term reduction in home building will only worsen the existing housing shortage in the US, ultimately boosting future demand for our products; Persistently high US mortgage rates and limited housing inventory continue to pose affordability hurdles for prospective buyers; Additionally, the intensifying trade tensions between the US and major global partners have heightened economic uncertainty and raised the risk of renewed inflationary pressures; Notably, our average daily sales in July are tracking 4% below the Q2 2025 average; Despite our prudent short-term stance, we remain optimistic about the long-term trajectory of the residential construction sector; This confidence is underpinned by enduring structural undersupply, favorable demographic trends, and an aging housing stock; We are targeting double-digit returns and accretive growth through a combination of platform efficiency, organic growth initiatives, and tightly managed consolidation of our fragmented market.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: there are no material exchange rate fluctuations between the Canadian and US dollar that affect our performance; the general state of the economy does not worsen; we do not lose any key personnel; there is no labor shortage across multiple geographic locations; there are no circumstances, of which we are aware that could lead to the Company incurring costs for environmental remediation; there are no decreases in the supply of, demand for, or market values of our products that harm our business; we do not incur material losses related to credit provided to our customers; our products are not subjected to negative trade outcomes; we are able to sustain our level of sales and earnings margins; we are able to grow our business long term and to manage our growth; we are able to integrate acquired businesses; there is no new competition in our markets that leads to reduced revenues and profitability; we can comply with existing regulations and will not become subject to more stringent regulations; no material product liability claims; importation of components or other innovative products does not increase and replace products manufactured in North America; our management information systems upon which we are dependent are not impaired; we are not adversely impacted by disruptive technologies; an outbreak or escalation of a contagious disease does not adversely affect our business; and, our insurance is sufficient to cover losses that may occur as a result of our operations.

The forward-looking information 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: exchange rate fluctuations between the Canadian and US dollar could affect our performance; tariff policies extending to regions not currently under discussion; our results are dependent upon the general state of the economy; the impacts of pandemics, further mutations thereof or other outbreaks of disease, could have significant impacts on our business; we depend on key personnel, the loss of which could harm our business; a labour shortage across multiple geographic locations could harm our business; decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods could harm our business; we may incur losses related to credit provided to our customers; our products may be subject to negative trade outcomes; we may not be able to sustain our level of sales or earnings margins; we may be unable to grow our business long term or to manage any growth; we are unable to integrate acquired businesses; competition in our markets may lead to reduced revenues and profitability; we may fail to comply with existing regulations or become subject to more stringent regulations; product liability claims could affect our revenues, profitability and reputation; importation of components or other innovative products may increase, and replace products manufactured in North America; disruptive technologies could lead to reduced revenues or a change in our business model; we are dependent upon our management information systems; disruptive technologies could lead to reduced revenues or a change in our business model; our information systems are subject to cyber securities risks; our insurance may be insufficient to cover losses that may occur as a result of our operations; an outbreak or escalation of a contagious disease may adversely affect our business; our credit facility affects our liquidity, contains restrictions on our ability to borrow funds, and impose restrictions on distributions that can be made by us and certain of our subsidiaries; the market price of our Shares will fluctuate; there is a possibility of dilution of existing Shareholders; and, other risks described in our Annual Information Form, our Information Circular and in this press release.

This press release contains information that may constitute a "financial outlook" within the meaning of applicable securities laws. The financial outlook has been approved by our management as of the date of this press release. The financial outlook is provided for the purpose of providing readers with an understanding of our anticipated financial performance. Readers are cautioned that the information contained in the financial outlook may not be appropriate for other purposes.

All forward-looking information in this press release is qualified in its entirety by this cautionary statement and, except as may be required by law, we undertake no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

Third-Party Information

Certain information contained in this news release includes market and industry data that has been obtained from or is based upon estimates derived from third-party sources, including industry publications, reports and websites. Although the data is believed to be reliable, we have not independently verified the accuracy, currency or completeness of any of the information from third-party sources referred to in this news release or ascertained from the underlying economic assumptions relied upon by such sources. We hereby disclaim any responsibility or liability whatsoever in respect of any third-party sources of market and industry data or information.

SOURCE ADENTRA Inc.