



NEWS RELEASE

ADENTRA Announces US\$130 Million Acquisition of Woolf Distributing Company, Inc.

7/29/2024

Acquisition enhances ADENTRA's product mix and geographic footprint in the Pro Dealer channel

Expected to be immediately accretive to adjusted earnings per share and adjusted EBITDA margin

LANGLEY, BC, July 29, 2024 /CNW/ – ADENTRA Inc. ("ADENTRA" or the "Company") (TSX: ADEN) today announced that one of its wholly owned subsidiaries has completed the acquisition ("the Acquisition") of substantially all the assets of Woolf Distributing Company, Inc. ("Woolf") and has assumed certain working capital liabilities.

"We are pleased to welcome Woolf's team to ADENTRA," commented Rob Brown, President and Chief Executive Officer of ADENTRA. "Woolf expands our geographic footprint and product offering, adding complementary millwork locations to our US Midwest operations, as well as new branded specialty products in the outdoor living product category. The addition of Woolf also deepens our access to the attractive Pro Dealer customer channel where ADENTRA expects favorable multi-year demand from new residential and repair and remodel markets, supported by low existing home inventories, favorable demographics, strong home equity levels and an aging US housing stock."

"We remain committed to our Destination 2028 goals, including the achievement of US\$3.5 billion in annual run-

rate sales through a combination of organic and acquisitions-based growth. With today's announcement, we are right on pace to achieve our stated goal of adding US\$800 million in run-rate sales from acquisitions by 2028," said Mr. Brown.

Financial Consideration

The Acquisition of Woolf was completed for an upfront purchase price of US\$130 million, financed by the Company's existing credit facilities. An additional earn-out consideration of US\$5 million may be payable related to each of the calendar years ending 2024, 2025 and 2026 contingent upon achieving certain earnings performance targets. Should the additional earn-out consideration become payable, the effective valuation multiple associated with the Acquisition will reduce, making the acquisition even more accretive. On a pre-synergy basis the Acquisition is expected to be immediately accretive to Adjusted EBITDA margin and is anticipated to be high-single digit accretive to adjusted basic earnings per share on a pro-forma basis. Following the acquisition of Woolf, ADENTRA will still have ample access to capital remaining. With a strong balance sheet the Company will continue to be well positioned to act on additional future acquisition opportunities in the highly fragmented architectural building products industry.

About Woolf Distribution Company, Inc.

Woolf is a value-added distributor of architectural building and millwork products for residential and commercial markets, serving customers in seven US states from four facilities located in Northern and Central Illinois, and in Northern Wisconsin. Woolf's millwork product category includes interior and exterior doors and associated products. Its specialty building materials category is focused on products for outdoor living spaces, including composite decking and composite and aluminum railing. Woolf adds value to millwork products by machining doors to customer specifications, pre-hanging door units in jambs, and pre-finishing millwork products as requested. Its customer base is comprised of professional building materials dealers, one-step distributors, millwork houses, and big box stores. Woolf has a strong culture of customer service, with a long tenured management team led by its President & CEO Mr. Craig Steagall, who will remain with ADENTRA post-acquisition. During the twelve months ended June 30, 2024, Woolf achieved US\$164 million in sales.

About ADENTRA

ADENTRA is one of North America's largest distributors of architectural products to fabricators, home centers, and professional dealers servicing the new residential, repair and remodel, and commercial construction end markets. The Company currently operates a network in North America of 86 facilities in the United States and Canada. ADENTRA's common shares are listed on the Toronto Stock Exchange under the symbol "ADEN".

Forward-Looking Statements

Certain statements in this news 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 in this news release includes, without limitation: ADENTRA expects favorable multi-year demand from new residential and repair and remodel markets, supported by low existing home inventories, favorable demographics, strong home equity levels and an aging US housing stock; we remain committed to our Destination 2028 goals, including the achievement of US\$3.5 billion in annual run-rate sales through a combination of organic and acquisitions-based growth; with today's announcement we are right on pace to achieve our stated goal of adding US\$800 million in run-rate revenues from acquisitions by 2028; on a pre-synergy basis the Acquisition is expected to be immediately accretive to Adjusted EBITDA margin and is anticipated to be high-single digit accretive to adjusted earnings basic per share on a pro-forma basis; and following the acquisition of Woolf, ADENTRA will have ample access to capital remaining, with a strong balance sheet positioning the Company to act on additional future acquisition opportunities in the highly fragmented architectural building products industry.

The forecasts and projections that make up 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 Acquisition; the financial impact of the Acquisition is as currently expected by management; the general state of the economy does not worsen; the Company does not lose any key personnel; there is no labor shortage across multiple, geographic locations; there are no circumstances, of which the Company is 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 products 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, including Woolf; 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 components or other innovative products 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 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 Adjusted EBITDA margin and adjusted diluted earnings per share may not be in line with management's expectations;; 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; a labour shortage across multiple geographic locations could harm the Company's business; decreases in the supply of, demand for, or market values of the Company's products 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 may increase, and replace products manufactured in North America; disruptive technologies could lead to reduced revenues or a change in the Company's business model; the Company is dependent upon its management information systems; disruptive technologies could lead to reduced revenues or a change in the Company's business model; the Company's information systems are subject to cyber securities risks; 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 ADENTRA's business can be found in the "Risk Factors" section of its Annual Information Form dated March 15, 2024 which is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

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

Non-IFRS Financial Measures

In this news release, reference is made to the following non-GAAP ratios: "adjusted basic 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 year ended December 31, 2023 (which

is incorporated by reference herein).

Such non-GAAP ratios are not standardized financial measures under International Financial Reporting Standards and might not be comparable to similar financial measures disclosed by other issuers.

SOURCE ADENTRA Inc.